

China / Hong Kong Industry Focus

China Internet Sector

Refer to important disclosures at the end of this report

18 Jan 2024

Steady 2024 outlook after expectations reset

- We like online travel with c.18% revenue growth and less regulatory concerns
- PDD will continue to benefit from consumption downgrade given its track record of executing low-price strategy
- Expect cautious sentiment towards online games due to uncertain new regulatory measures
- Reiterate BUY on [Trip.com \(9961 HK\)](#) and [PDD \(PDD US\)](#)

We like online travel. Looking into 2024, we continue to like the online travel segment that has clear growth visibility, with c.18% revenue growth, and the lowest level of regulatory concerns. We also prefer the e-commerce sector, as it benefits from the consumption downgrade, while its growth expectations should have been reset to 8% after the disappointing retail sales last year.

Cautious towards online games. Regulatory concerns on the online games segment escalated towards the end of Dec 2023 when the regulator issued a draft version of the "Measures for the Administration of Online Games" for consultation. Despite that regulator has been resending more positive signals to the market, we expect cautious near-term sentiment on the online games sector pending the release of the revised draft in March 2024.

Top picks: Trip.com and PDD. We like Trip.com (9961 HK). In addition to domestic travel, outbound travel will grow 27% alongside the recovery of flight capacity in FY24 (vs. 60% in 1H23). We prefer PDD (PDD US) among e-commerce players, as it has a proven track record of executing a "low-price strategy" and accelerated overseas expansion supported by Temu where we expect gross merchandise value to grow at a two-year CAGR of 75% and reach US\$49bn in FY25F. We expect Tencent (700 HK)'s stock sentiment to improve upon the release of the revised draft of online game regulations. On the other hand, Alibaba (9988 HK) could re-rate with retail consumption recovery.

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Recommendation & valuations

Company	Currency	Price	Target	Recom	Mkt Cap US\$m
		Local\$	Local\$		
Alibaba (9988 HK)	HKD	65.65	133	BUY	171,018
Baidu (9888 HK)	HKD	96.80	186	BUY	4,327
JD.com (9618 HK)	HKD	87.75	181	BUY	35,674
Meituan (3690 HK)	HKD	68.75	139	BUY	54,891
Netease (9999 HK)	HKD	134.90	267	BUY	11,124
Pinduoduo (PDD US)	USD	142.15	226	BUY	188,858
Tencent (700 HK)	HKD	274.60	507	BUY	331,871
Tongcheng (780 HK)	HKD	15.74	26	BUY	4,539
Trip.com (9961 HK)	HKD	278.60	515	BUY	23,017

Source: Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

Closing price as of 17 Jan 2024

Introduction

The China Internet sector witnessed a relatively stable regulatory environment in FY23, and the market shifted focus to the consumption recovery. However, online retail sales were behind market forecasts after a short-lived period of strength in 2Q23. The share price correction last year should have priced in the overall macro uncertainty, in our view.

Looking into 2024, we continue to like the online travel segment, with its clear growth visibility and lowest level of regulatory concerns. We also prefer the e-commerce sector, as it benefits from the consumption downgrade and its growth expectation should have been reset.

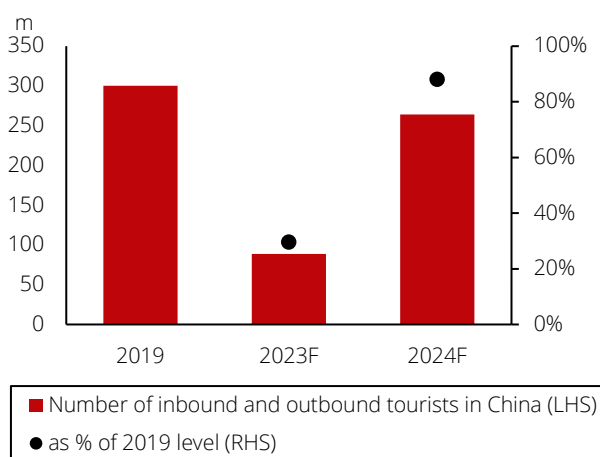
Regulatory concerns over the online games segment escalated towards the end of Dec 2023, when the National Press and Publication Administration issued a draft version of "Measures for the Administration of Online Games" for consultation. Despite that the regulator has been resending more positive signals to the market, we expect cautious near-term sentiment towards the online games sector pending the release of the revised draft in March 2024.

Online travel: Steady momentum with minimal regulatory risk

We expect the online travel sector to maintain healthy growth of c.18% in FY24, after strong growth of 110% in FY23, which was mostly driven by pent-up demand post the reopening of borders.

The number of inbound and outbound tourists is expected to reach c.90% of the 2019 level in 2024, up from 30% of the 2019 level in 2023, according to MCT Gov.

Number of inbound and outbound tourists in China

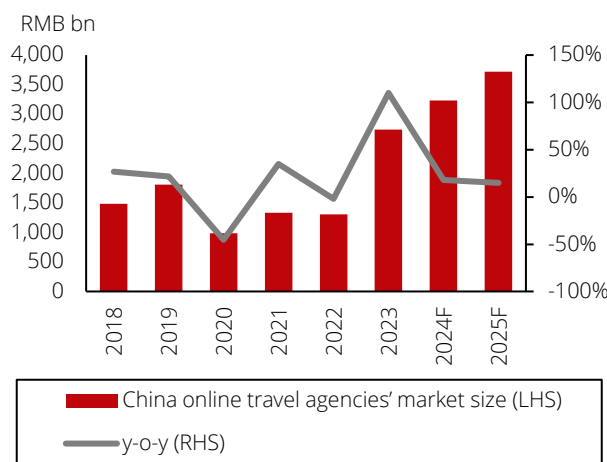


Source: MCT Gov, China Tourism Academy, DBS HK

The longer-term growth will be driven by the structural change in travel behaviour, including the younger generation's preference for individual travel, the widening of short-haul travel scenarios (e.g., concert and examination), etc. In the near term, outbound travel will be supported by a 100% recovery of international flight capacity in 2H24 (compared with the 2019 level), from c.60-65% by the end of FY23. This sector has been facing less regulatory risk.

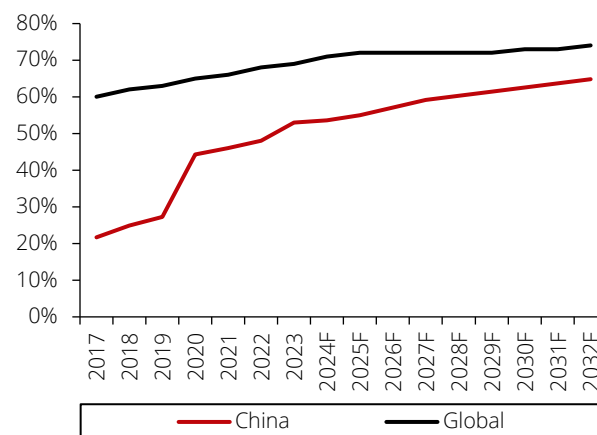
We prefer Trip.com over Tongcheng Travel due to its additional revenue stream from outbound travel, which is expected to grow by 27%, faster than the domestic market in FY24. We expect its outbound business to account for 18% of revenue in FY24 (vs. 16% in FY23 and 21% in FY19).

China online travel agencies' market size



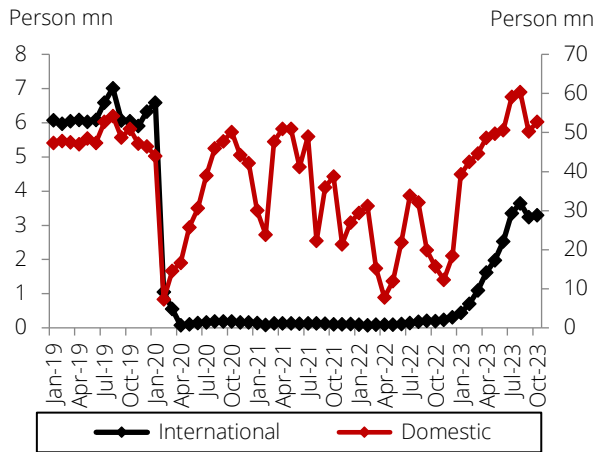
Source: iResearch, DBS HK

China and global online travel penetration rate



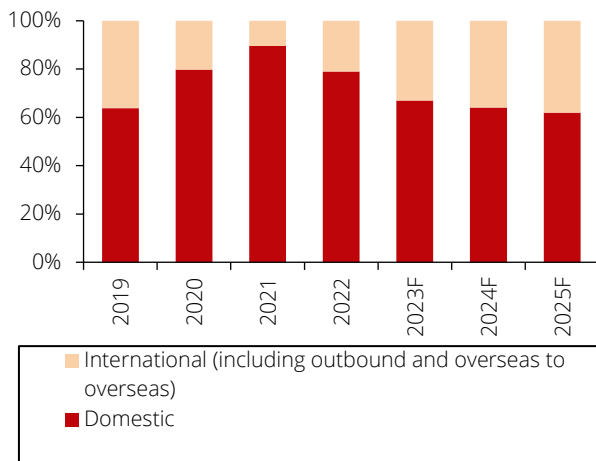
Source: Statista, DBS HK

Air passenger traffic (international vs. domestic)



Source: CEIC, DBS HK

Trip.com's revenue geographical mix

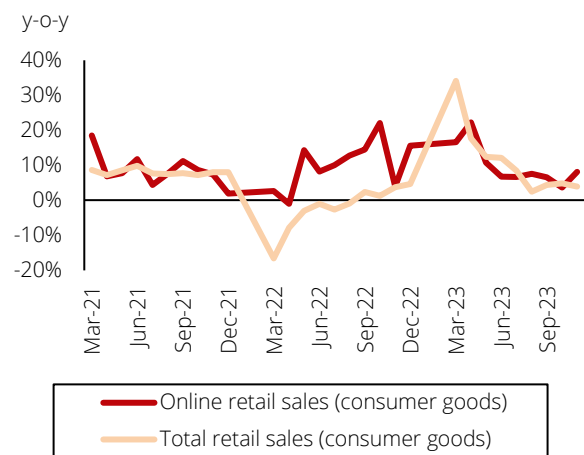


Source: Companies, DBS HK

E-commerce: Beneficiary of consumption downgrade

We forecast the e-commerce sector's net GMV to increase by 8% in FY24, similar to the 9% growth in FY23. Online retail sales will outperform overall retail sales, as online shopping is favoured amid economic uncertainty and the consumption downgrade. The prices of products sold through online channels are at a c.5-15% discount to those sold in brick-and-mortar stores.

China online retail sales vs. retail sales growth



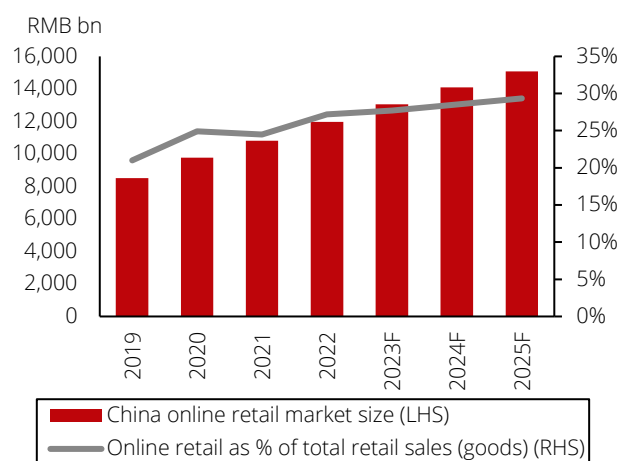
Source: NBS, DBS HK

China Internet Sector

According to a Syntun survey, Chinese consumers were more price-sensitive and cautious about consumption spending in 2023, with 68% now rigorously comparing prices in their daily shopping, marking a 12ppts increase from 2021.

We estimate that the online penetration rate in China reached c.28% in terms of net gross merchandise value (GMV) in 2023, taking into account a 30-50% product return rate. In our view, competition from live streaming players has been largely priced in. Traditional players such as Alibaba have also stepped up their investments in live streaming and to offer affordable products.

China online retail market size



Source: NBS, DBS HK

E-commerce players are accelerating their overseas expansion efforts. Ten years after Shein entered the US market, PDD introduced its Temu marketplace platform in North America in Sep 2022, leveraging its strengths of Chinese supply chains. Temu quickly expanded into 40+ markets, consistently securing top download positions within a month in new markets. As of Dec 2023, Temu remained the most downloaded shopping app in major markets like the US, Japan, Canada, and UK. We expect Temu's GMV to reach US\$14bn in FY23 and US\$31bn in FY24. PDD's expertise in social commerce, its ability to engage price-sensitive consumers, and its innovative group buying model position it for further success abroad. Alibaba is also rapidly expanding overseas, with AliExpress's Choice contributing significant incremental revenue. We forecast Alibaba's international commerce revenue would grow at 25% p.a. in the next two years, contributing 12% to Alibaba's total revenue.

We prefer PDD in this sub-sector, as it has a proven track record of executing a "low-price strategy" and accelerated overseas expansion. Overall, we anticipate higher margin volatility, as e-commerce players will have to provide merchant support and user incentives from time to time amid the macroeconomic uncertainty.

Market share of leading e-commerce platforms

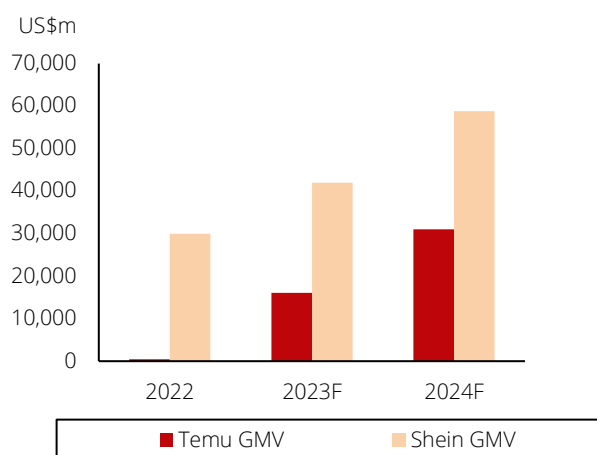
	2021	2022	2023F
Alibaba	48%	45%	41%
JD	20%	19%	18%
Pinduoduo	15%	17%	19%
Others	17%	20%	21%

Note 1: Market share is based on net GMV

Note 2: Others include live streaming platforms such as Douyin and Kuaishou

Source: Companies, DBS HK

GMV of Temu and Shein



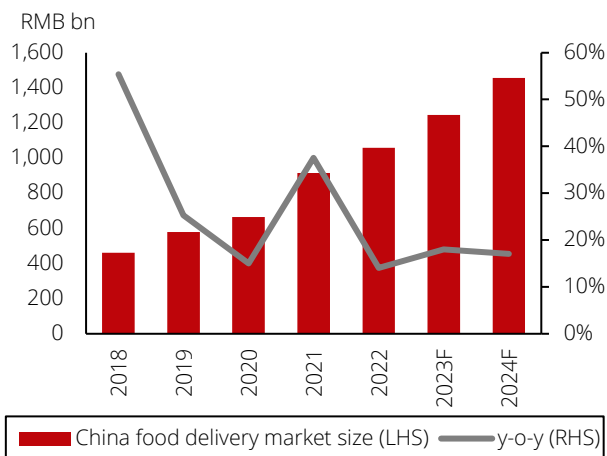
Source: 36kr, companies, DBS HK

Food delivery: Riding on category expansion

We forecast food delivery to grow by 17% in FY24 (vs. 18% in FY23), mostly driven by the expansion of new categories such as milk tea and late-night snacks. The threat from Douyin is limited, as the livestream player abandoned its food delivery GTV target of Rmb100bn after achieving 10% of the target in 1H23. Demand for on-demand delivery (e.g., Meituan Instashopping) remains strong with a 50%+ growth rate.

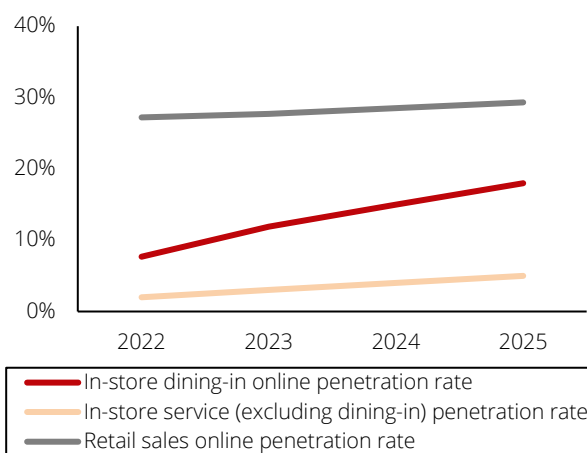
On the other hand, Meituan's in-store business is facing increasing competition from Douyin, which may result in margin volatility and pressure. Yet, the in-store business remains underpenetrated, presenting significant growth opportunities for major players. We believe that Meituan will maintain its leading position given its strong user engagement and category expansion.

China food delivery market size



Source: Trustdata, DBS HK

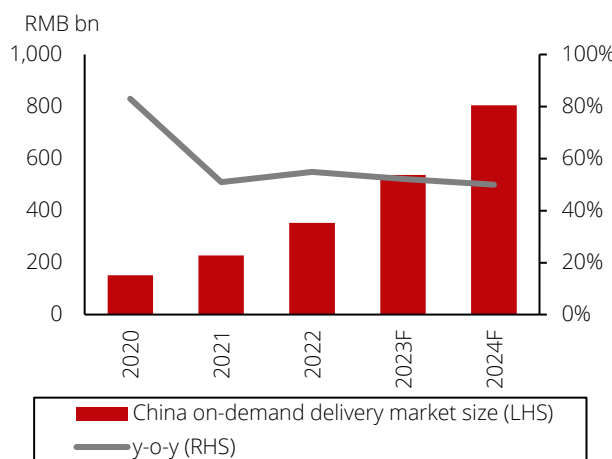
In-store services and dining-in penetration rates



Note: In-store service includes dining-in, entertainment, haircuts, and other local services.

Source: Companies, DBS HK

China on-demand delivery market size*



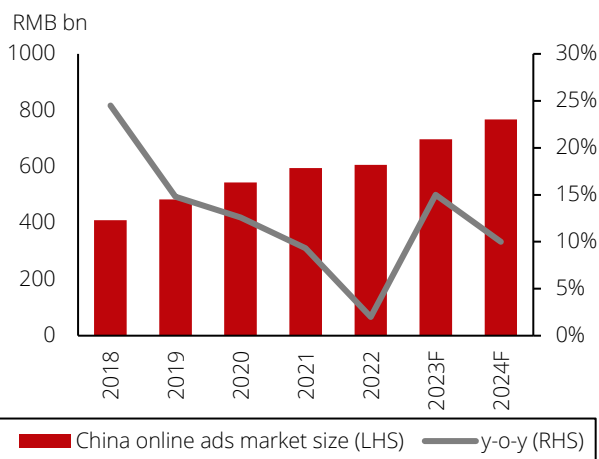
* Excluding food delivery

Source: CIC, iResearch, DBS HK

Online advertising: Cautiously optimistic

We expect the online advertising market to grow by 10% in FY24, after a 15% increase in FY23. The outlook is relatively cautious due to uncertainty in macro and retail sales. We expect online advertising will continue to take away market share from the offline channel, leveraging the improving AI capabilities and thus advertising return for merchants. New advertising formats will also be a key driver for individual companies. For example, Tencent's video accounts has reached revenue scale of over Rmb3bn per quarter. Live stream platforms such as Douyin and Kuaishou will keep challenging conventional ad formats.

China online advertising market size



Source: iResearch, Questmobile, DBS Bank

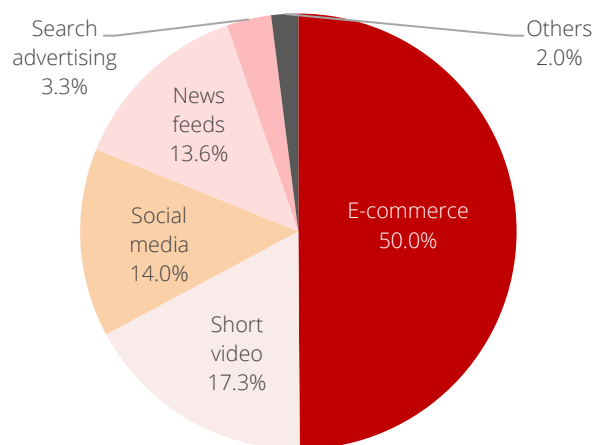
Advertising revenue of major players

Rmb bn	2021	2022	2023F	2024F
Tencent	89	83	100	117
Baidu	81	76	81	86
ByteDance	320	350	480	600

Note: Around 80% of ByteDance's ad revenue is from domestic market in 2023

Source: Huxiu, companies, DBS HK

Online advertising budget by format



Source: 36Kr, DBS HK

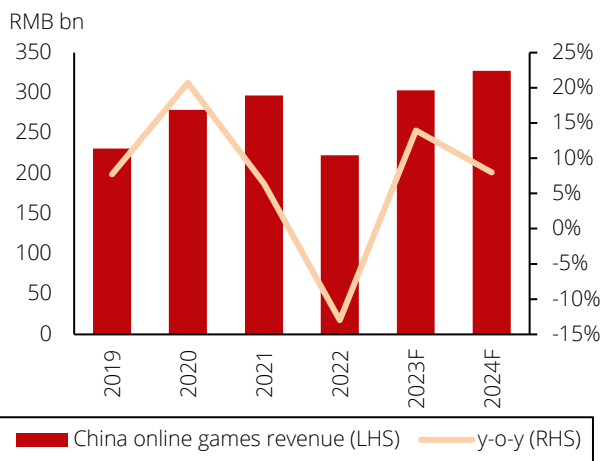
Online games: Regulatory uncertainty in the near term

We expect China online game revenue to grow by 8% in FY24, after increasing 14% in FY23. In FY23, the regulator approved 1,005 licenses for new games (vs. 468 in FY22). Online game approvals by the regulator saw a healthy run rate of c.85 per round. Looking ahead, leading players Tencent and NetEase will focus on a smaller number of high-quality blockbuster titles. They have also allocated resources for overseas development to diversify away from their domestic portfolios. Tencent will launch DnF Mobile, Ash Echoes, etc. NetEase will launch Naraka: Bladepoint Mobile and Eggy Party International.

In Dec 2023, the National Press and Publication Administration issued a draft version of "Measures for the Administration of Online Games" for consultation. The draft mentioned a few measures in relation to over-monetisation (such as banning virtual gifts for daily login and setting top-up limits), which triggered market concerns over the potential measures posing operational challenges, a revenue drag, and more importantly, ongoing regulatory risk. This resulted in a retreat in the share prices of Tencent and NetEase. The regulator later set a more positive tone after signalling a possible revision of the draft to the market. We expect investors to be cautious before the release of the finalised measures.

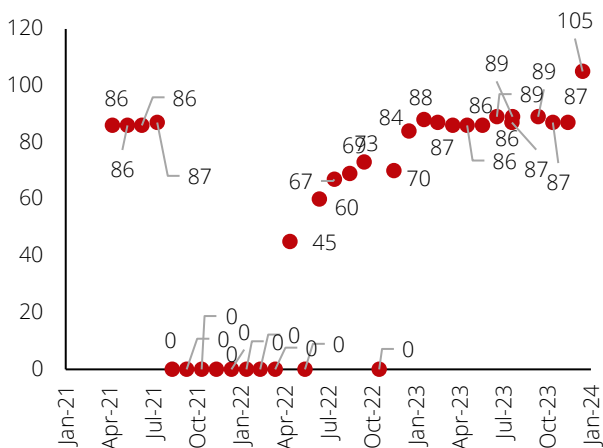
We continue to like leading players such as Tencent and NetEase that have a more diversified game portfolio and gamer base. While the impact of a potential top-up limit is unknown, the impact from a potential ban of virtual gifts will be limited, given that Tencent's and NetEase's game revenue comes mostly from matured titles where incentives are less necessary.

China online games revenue



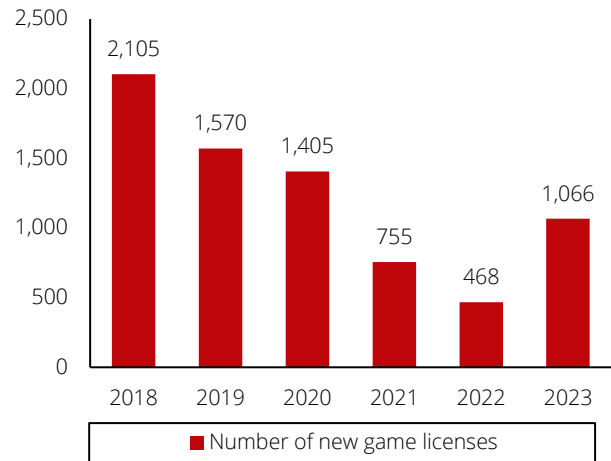
Source: CNG, Statista, DBS HK

Number of new game approvals



Source: NPPA, DBS HK

Number of new game licenses (2018-2023)



Source: NPPA, DBS HK

Tencent's key domestic game pipeline

Game Title	Launch Time (Est.)	Genre
DnF Mobile	TBC	Action
Ash Ecohoes	TBC	Strategy
New TLBB Mobile	TBC	RPG
The Age of Navigation: Sea Overlord	TBC	Strategy
DreamStar	Dec-23	Casual

Source: Companies, DBS HK

NetEase's key games (2023-2024)

Game Title	Launch Time (Est.)	Genre
Justice Mobile	2H23	MMORPG
Eggy Party International	Jul-23	Casual
Racing Master	Jun-23	Racing
Harry Potter: Magic Awakened	Jul-23	Card, MMORPG
Naraka: Bladepoint Mobile	2024	MOBA
Badlanders	Jun-23	Shooting

Source: Companies, DBS HK

China Internet Sector

Top grossing mobile games worldwide (2023)

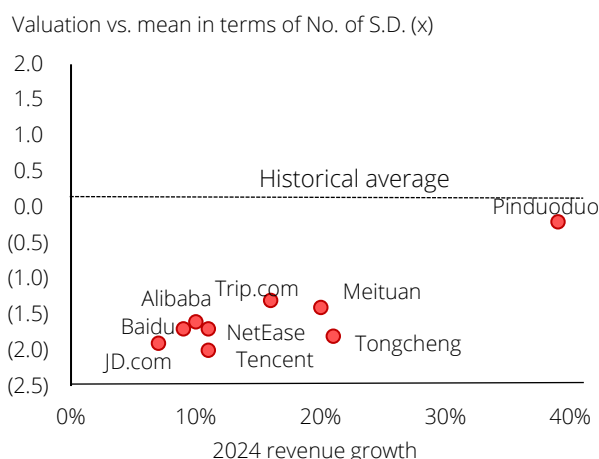
Rank	Name	Company	Revenue (US\$ m)
1	Honor of Kings	Tencent	1,480
2	PUBG Mobile	Tencent	1,140
3	Candy Crush Saga	KING	957
4	Genshin Impact	MiHoYo Games	944
5	Roblox	Roblox	869
6	Royal Match	Dream Games	835
7	Coin Master	Moon Active	729
8	Honkai: Star Rail	MiHoYo Games	659
9	Monopoly Go	Scopely	645
10	Gardenscapes	Playrix	606

Source: Appmagic, DBS HK

Conclusion and stock recommendations

We prefer online travel sector that has clearer growth visibility and the lowest level of regulatory concerns. We favour Trip.com and Tongcheng Travel. We also like e-commerce sector as it continues to gain market shares from offline market and benefits from the consumption downgrade. We prefer PDD over Alibaba and JD.com. Our sector top picks are Trip.com and PDD.

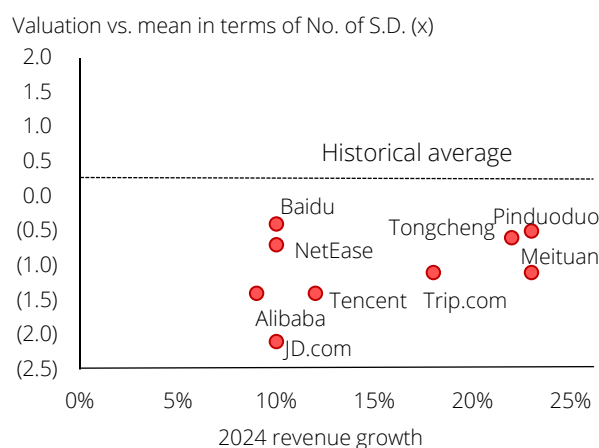
Jan 2024: Valuation vs. 2024 revenue growth



Note: Meituan is based on EV/revenue valuation methodology, while other companies use P/E; historical average refers to five-year average, and stocks with limited listing history use two-year average

Source: Bloomberg Finance L.P., DBS HK

Jul 2023: Valuation vs. 2024 revenue growth



Note: Meituan is based on EV/revenue valuation methodology, while other companies use P/E; historical average refers to five-year average, and stocks with limited listing history use two-year average

Source: Bloomberg Finance L.P., DBS HK

Trip.com (9961 HK, BUY). We have kept our earnings forecast largely unchanged for FY23F-FY25F. We forecast revenue growth of 123%/19%/15% for FY23F-FY25F, mainly driven by the further recovery of outbound travel and solid growth of hotel room nights. We forecast adjusted profit growth of 815%/7%/13% for FY23F-FY25F, respectively. Maintain BUY with unchanged TPs of HK\$515/US\$69, based on 24x FY24F adjusted profit. We are positive on Trip.com's long-term growth prospects, supported by structural changes in customer travel preferences and active expansion in overseas markets.

PDD (PDD US, BUY). We have revised up our adjusted earnings by 3%/6%/7% for FY23F-FY25F, on higher revenue assumptions riding on its successful low-price strategy and rapid overseas expansion. We forecast its overseas e-commerce platform Temu's GMV to grow at a two-year CAGR of 75% and reach US\$49bn in FY25F. We expect revenue growth of 83%/40%/27% for FY23F-FY25F, respectively. Maintain BUY with a revised TP of US\$226, based on 25x FY24 adjusted PE (vs 20x previously) on the back of the higher earnings CAGR of 33% in FY23-FY25F.

Meituan (3690 HK, BUY). We have revised down our adjusted earnings forecast by 9%/5% for FY24F/FY25F due to increased incentives on in-store, hotel, and travel segment. We forecast revenue growth of 25%/20%/18% for FY23F-FY25F, supported by robust on-demand delivery demand and continued category expansion. Maintain BUY with lowered TP of HK\$139 based on a SOTP valuation: local core commerce (including food delivery, in-store,

hotel, and travel as well as Meituan Instashopping): 15x FY24F core earnings; (vs 20xPE previous). We have adjusted the multiple to reflect the fierce competition landscape and weaker sector sentiment. (2) New initiatives – 3x FY24F earnings (HK\$43).

NetEase (9999 HK BUY). We have kept our adjusted earnings unchanged and expect growth of 36%/11%/12% for FY23F-FY25F, mainly driven by the robust game pipelines. Maintain BUY with TPs of HK\$267/US\$168, based on SOTP methodology: (1) Online games – 22x PE on FY24F non-GAAP net profit (HK\$262); (2) cloud music – based on market value (HK\$3); (3) Youdao – based on market value (HK\$1); and (4) innovative businesses – 1x P/S on FY24F revenue (HK\$2).

Tongcheng Travel (780 HK, BUY). We revised down our earnings forecast by 3%/11%/10% in FY23F-FY25F on increased marketing expenses and investments in international business. We forecast adjusted net profit growth of 227%/21%/18% for FY23F-FY25F on robust demand of the domestic travel market. Maintain BUY with lowered TP of HK\$26, based on 20x FY24F adjusted EPS.

Tencent (700 HK, BUY). We have kept our adjusted earnings forecast unchanged at 35%/21%/14% for FY23F-FY25F. We remain bullish on the long-term outlook of the WeChat ecosystem, and ad upside from video accounts should support sustainable growth. We expect revenue growth of 12%/12%/12% for FY23F-FY25F. Maintain BUY with TP of HK\$507, based on SOTP methodology: (1) 20x FY24F core net profit (HK\$451) and (2) fair value of listed investee companies (HK\$56).

Alibaba (9988 HK, BUY). We have kept our non-GAAP net profit forecast unchanged. We forecast non-GAAP earnings growth of 12%/7%/11% for FY3/24F-FY3/26F, respectively. Maintain BUY with TPs of HK\$133/US\$134, based on SOTP methodology: (1) Core commerce – 12x P/E on FY3/24F core commerce earnings (HK\$106); (2) cloud – 3x P/S on FY3/24F (HK\$13); (3) local service – 3x P/S on FY3/24F (HK\$10); (4) Cainiao – 1x P/S on FY3/24F (HK\$3); and (5) digital media and entertainment – 1x P/S (HK\$2).

JD.com (9618 HK, BUY). We have revised down our non-GAAP net profit forecasts by 5%/7%/6% for FY23F-FY25F, due to higher traffic acquisition costs associated with marketing initiatives. We now forecast non-GAAP net profit to grow by 18%/13%/12% for FY23F-FY25F. Maintain BUY with TPs of HK\$181/US\$46, based on SOTP methodology: (1) Core retail business: 8x PE on FY23F core profit (HK\$106) and (2) fair value of other investees (HK\$75).

Baidu (9988 HK, BUY). We have kept our non-GAAP earnings forecast unchanged. We forecast earnings growth of 26%/15%/11% for FY23F-FY25F. Baidu's ad demand has steadily picked up following the recovery in economic activity. Maintain BUY rating with TPs of HK\$186/US\$188, based on SOTP methodology: (1) Baidu Core – 12x on FY24F non-GAAP net profit (HK\$141); (2) cloud and autonomous driving: 3x FY24F P/S (HK\$31); and (3) market value of major listed investees (HK\$15).

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4Q23 and FY24 earnings preview table

Trip.com	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	10,210	103%	51,673	16%
Non-GAAP net profit (Rmb m)	1,566	215%	11,739	-1%
Meituan	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	72,764	21%	330,280	20%
Non-GAAP net profit (Rmb m)	2,877	247%	31,104	44%
NetEase	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	3,965	11%	16,330	11%
Non-GAAP net profit (Rmb m)	1,113	65%	4,636	4%
Tencent	4Q23F	y-o-y change	FY24	y-o-y change
Revenue(Rmb m)	159,095	10%	679,822	11%
Non-IFRS net profit (Rmb m)	42,275	42%	184,818	18%
Tongcheng Travel	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	2,826	88%	13,987	21%
Adjusted net profit (Rmb m)	471	1158%	2,456	13%
Baidu	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	35,733	8%	146,887	9%
Non-GAAP net profit (Rmb m)	6,387	19%	27,294	2%
JD.com	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	300,302	2%	1,154,000	7%
Non-GAAP net profit (Rmb m)	7,310	-5%	36,764	10%
PDD	4Q23F	y-o-y change	FY24	y-o-y change
Revenue (Rmb m)	78,548	97%	326,514	39%
Non-GAAP net profit (Rmb m)	16,506	36%	76,692	31%
Alibaba	3QFY3/24F	y-o-y change	FY3/24	y-o-y change
Revenue (Rmb m)	260,144	5%	938,569	8%
Non-GAAP net profit (Rmb m)	48,000	-4%	161,179	14%

Source: Companies, Bloomberg Finance L.P., DBS HK

Peers' table

Company Name	Code	Currency	Price Local\$	Mkt Cap US\$m	Fiscal Yr	PE 23F x	PE 24F x	P/S 23F	P/S 24F	EV/EBITDA 23F x	EV/EBITDA 24F x	ROE 23F %	ROE 24F %
China internet platform													
Alibaba Group*#	9988 HK	HKD	65.65	171,018	Mar	11.4	10.3	1.3	1.2	4.8	3.6	10.5	10.3
Baidu 'A'*	9888 HK	HKD	96.80	4,327	Dec	16.3	13.0	1.9	1.7	6.2	4.3	6.5	7.4
JD.com*	9618 HK	HKD	87.75	35,674	Dec	4.7	4.1	0.2	0.2	(0.7)	(0.9)	12.1	12.4
Meituan*	3690 HK	HKD	68.75	54,891	Dec	34.1	19.1	1.4	1.2	13.8	8.8	8.3	12.9
Netease*	9999 HK	HKD	134.90	11,124	Dec	14.1	12.6	3.8	3.4	8.0	6.3	24.5	22.5
Pinduoduo*	PDD US	USD	142.15	188,858	Dec	25.1	17.4	5.7	4.1	17.3	10.7	35.0	34.1
Tencent Holdings*	700 HK	HKD	274.60	331,871	Dec	18.8	15.1	3.9	3.4	11.3	9.0	16.3	17.0
Tongcheng-Elong*	780 HK	HKD	15.74	4,539	Dec	25.3	18.6	2.8	2.3	11.1	8.3	7.6	9.1
Trip Com Group*	9961 HK	HKD	278.6	23,017	Dec	16.6	15.3	3.9	3.3	13.3	11.2	8.5	8.3
Average						18.5	14.0	2.8	2.3	9.4	6.8	14.4	14.9
US/Europe internet platform													
Alphabet	GOOGL US	USD	141.5	1,770,639	Dec	24.7	21.2	3.1	2.8	13.5	11.8	27.0	27.5
Amazon.Com	AMZN US	USD	151.7	1,567,776	Dec	56.7	42.0	2.7	2.5	14.7	12.4	16.3	17.9
Booking Holdings	BKNG US	USD	3489.9	121,763	Dec	23.5	19.8	5.7	5.1	16.3	14.1	443.7	(46.0)
Delivery Hero	DHEREUR EU	EUR	21.6	6,387	Dec	n.a.	n.a.	0.6	0.5	44.1	15.8	(29.8)	(17.3)
eBay	EBAY US	USD	40.7	21,108	Dec	9.7	9.4	2.1	2.0	7.6	7.3	40.9	34.3
Expedia Group	EXPE US	USD	147.3	20,452	Dec	15.4	12.0	1.6	1.5	7.5	6.5	51.2	83.1
Meta Platforms	FB US	USD	368.4	946,566	Dec	25.6	21.0	7.1	6.3	12.4	10.5	28.1	26.6
Sea	SE US	USD	34.8	21,320	Dec	111.6	84.9	1.6	1.5	15.8	14.4	6.8	3.3
Grab Holdings	GRAB US	USD	2.9	11,423	Dec	n.a.	n.a.	4.9	4.1	(66.0)	53.6	(8.2)	(2.6)
Doordash	DASH US	USD	102.9	40,972	Dec	n.a.	n.a.	4.8	4.1	28.6	20.8	0.6	7.2
Average						38.2	30.0	3.4	3.0	9.4	16.7	57.7	13.4

FY23: FY24; FY24: FY25

Source: Thomson Reuters, *DBS HK

Share performance table

Share price performance (%)	1-mth	3-mth	6-mth	12-mth	YTD
Alibaba Group (BABA US)	(6.8)	(17.6)	(26.5)	(40.6)	(10.4)
Baidu (BIDU US)	(8.4)	(16.3)	(30.0)	(24.8)	(12.3)
JD.com (JD US)	(14.0)	(14.7)	(38.2)	(62.9)	(18.4)
Meituan (3690 HK)	(13.0)	(35.0)	(44.2)	(55.4)	(9.8)
Netease (NTES US)	(13.0)	(15.6)	(15.0)	1.3	(3.9)
Alibaba Group (9988 HK)	(4.5)	(15.9)	(26.4)	(39.7)	(9.5)
JD.com (9618 HK)	(11.6)	(9.9)	(37.9)	(61.7)	(17.0)
PDD (PDD US)	(3.5)	35.9	80.1	47.6	(2.2)
Tencent (700 HK)	(10.2)	(6.2)	(19.9)	(23.7)	(3.8)
Tongcheng (780 HK)	15.0	6.3	(8.4)	(10.1)	14.8
Trip.com (9961 HK)	8.8	13.5	(0.6)	(0.6)	4.5
HSI Index	(5.5)	(10.1)	(18.3)	(27.0)	(6.9)
HSTECH Index	(12.0)	(12.7)	(21.3)	(26.2)	(11.6)

Source: Thomson Reuters

Comparison table of Central Economic Work Conference (2024 vs. 2023)

Subjects	2024 outlook (Dec 2023)	2023 outlook (Dec 2022)
Overview/takeaways	Aim to publish policies to promote stability, growth, and employment, given weak societal sentiment (社會預期疲弱, 風險隱患仍然較多...多出有利於穩預期、穩增長、穩就業的政策)	Focus on boosting the economy, starting with enhancing societal sentiment and bolstering market confidence (明年經濟要從戰略全局出發, 從改善社會心理預期、提振發展信心入手)
Key observation #1	Mentioned "stability" (穩) 31 times	Mentioned "stability" (穩) 21 times
Key observation #2	2024 GDP growth forecast: 4.5%	2023 GDP growth forecast: 5.2%
Key observation #3	Promote digital consumption and electronic product consumption (大力發展數字消費...提振...電子產品等消費大力發展數碼消費...振興...電子產品等)	Support private sector development via policy and public opinion (在政策和輿論上鼓勵支持民營經濟和民營企業發展壯大)
Key observation #4	Focus on developing the digital economy and accelerating AI advancement (發展數字經濟, 加快推動人工智能發展)	Encourage the growth of the platform economy to create employment opportunities, while ensuring better regulatory quality (大力發展數字經濟, 提升常態化監管水平, 支持平台企業創造就業)
Key observation #5	No mention of platform economies (平台企業) and regulation (監管)	Mentioned platform economies (平台企業) and "regulation" (監管) one time
Key observation #6	Mentioned development of cross-border e-commerce (跨境電商出口)	N/A

Source: Gov.cn, DBS HK

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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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