

MARKET OVERVIEW

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Hong Kong stocks advanced on unexpected reserve requirement ratio (RRR) cut and a series of China economic data beat, adding to signs of China's economic recovery. China oil companies rose after crude oil futures reached 10-month high. The Hang Seng Index was up 134pts to 18,182pts with a daily turnover of HKD118.1b. This week, focus will be on FOMC meeting results and China 1-and 5-year Loan Prime Rate.

SECTOR / COMPANY NEWS

Galaxy Ent. (27 HK, TP: HKD64.94, Buys: 91.3%, Not Rated)

On 15 Sept, Galaxy Ent has launched its latest hotel with Andaz Macau officially opening to the public at Galaxy Macau Phase 3, offering more than 700 rooms and suites targeting both leisure and business guest. Market estimates Galaxy's mass market share to remain stable at 20% in 2023 and rise to 22% in 2024. Near-term catalyst will be upcoming October Golden Week holiday. The Macao Government Tourism Office (MGTO) expects the average number of visitors each day during that time to reach 100k. Valuation-wise, the stock is trading at 14x forward EV/EBITDA, which is 1 S.D. below its historical mean.

Xiaomi-W (1810 HK, TP: HKD14.71, Buys: 71.8%, Not Rated)

According to Digital Chat Station on Weibo, Xiaomi is set to launch its highly anticipated Xiaomi 14 series in China before 11 Nov (or Double 11). Although an official date has not been disclosed, rumors have provided some insights into the upcoming smartphones. The series is expected to include two models - Xiaomi 14 and Xiaomi 14 Pro. Market expects the Xiaomi 14 series is generating a lot of buzz with its imminent launch. With its powerful specifications, including the Snapdragon 8 Gen 3 chipset and fast charging capabilities, the Xiaomi 14 and Xiaomi 14 Pro are poised to be impressive flagship smartphones.

China Macro - Economy Has Started to Improve

According to National Bureau of Statistics, China's retail sales and industrial production picked up and beat market expectation in Aug. Retail sales grew by 4.6% YoY (vs. consensus forecast of 3% and July's of 2.5%), while, industrial production was up 4.5% (vs. consensus forecast of 3.9% and July's of 3.7%). Yet, YTD fixed asset investment grew by 3.2% YoY (vs. consensus forecast of 3.3% and July's of 3.4%). This miss in FAI was dragged by a steeper decline in real estate market and a slowdown in infrastructure investment. Looking ahead, market needs to keep an eye on whether China is able to maintain the shape and pace of the economic recovery, forming a virtuous cycle and a balanced recovery.

UPCOMING CALENDAR

20 Sept: China 1-year and 5-year Loan Prime Rate

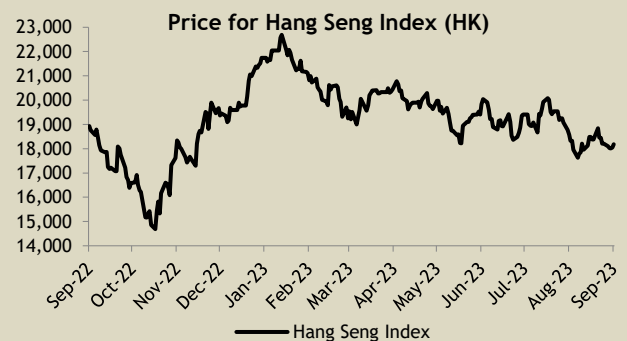
29 Sept: China Sept Caixin Manufacturing PMI, China Sept Caixin Services PMI, China Sept Caixin Composite PMI

Yum China (9987 HK)

TP: HKD571.72, Buys:
86.8%, Not Rated

IDEAS OF THE DAY

At an investor event, Yum China set the three-year target to achieve high-single-to-double-digit CAGR for system sales and operating profit. The company also planned to increase its number of stores to 20k by 2026 and return about USD3b to shareholders via quarterly interim dividends and share buybacks during the period. This reflects a twofold increase in shareholder return over the previous three years. On the other hand, the company is expanding the usage of AI technology to significantly enhance customer experience, store operations, and human resource management.



Source: FactSet

Equity Indices	Last Close	Weekly Δ (%)	YTD Δ (%)	52-wk Low	52-wk High
HSI	18,183	-0.11%	-8.08%	14,597	22,701
Dow Jones	34,618	0.1%	4.4%	28,661	35,679
S&P500	4,450	-0.16%	15.9%	3,492	4,607
Nasdaq	13,708	-0.39%	31.0%	10,089	14,447
Nikkei 225	33,533	2.8%	28.5%	25,622	33,773
KLCI	1,459	0.3%	-2.44%	1,373	1,502
SH Comp	3,118	0.0%	0.9%	2,885	3,419
Kospi	2,601	2.1%	16.3%	2,135	2,668
TWSE	16,921	2.1%	19.7%	12,629	17,464
STI	3,281	2.3%	0.9%	2,969	3,408
JKSE	6,983	0.8%	1.9%	6,543	7,306
SET	1,542	-0.33%	-7.59%	1,462	1,696

Source: FactSet

Note: Bloomberg consensus target price as of last trading day

(CHINA - HKEX) YUM CHINA HOLDINGS, INC. (9987 HK)

Yum China Holdings, Inc. engages in the business of franchising and owning entities that own and operate restaurants. It operates through the following segments: Kentucky Fried Chicken (KFC), Pizza Hut, and All Other Segments. The KFC segment focuses on operating a restaurant chain. The Pizza Hut segment offers casual dining and home service. The All Other segment includes Taco Bell, Lavazza, Little Sheep, Huang Ji Huang, COFFii and JOY, East Dawning, and other e-commerce business. The company was founded in 1987 and is headquartered in Shanghai, China.



52w H	52w L	Estimates
HKD514.50	HKD300.00	P/E 27.01

Source: FactSet

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