

The potential impact of China's Golden Week

DIGITAL ENGAGEMENT TEAM

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TRADING MATTERS SERIES: NEWS FOCUS

*The summary and impact
of a major news event*

What you need to know

What is Golden Week?

- Golden Week is a national holiday in China that takes place in October. The Chinese government started it in 2000 to celebrate a few holidays and at the same time increase the levels of consumption. This year's Golden Week takes place from 1 October – 7 October 2020.

What can we expect?

- Past years' trends show that there have been changes in the commodity and stock markets ahead of Golden Week as investors will try to take profits before the long holiday. Trading volumes in Asia fall dramatically during this time and cautious sentiments will spill over on other markets.

What are the sectors that benefit?

- Retail and tourism industries will typically see a boost due to an increase in travelling and expenditures. Gaming and Food & Beverage sectors are also expected to ride the waves of this festive season.

Hong Kong Hang Seng Index



As of 25th September 2020 closing

Transportation and logistics

Hordes of travellers will flock trains, buses and airports over the national holiday. To cope with the sudden surge in travelling and goods consumption in the lead up to the Golden Week, logistical infrastructures will also face pressure.

Name	Market Cap	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Beijing Capital International Airport (694 HK)	20.51 Billion (HKD)	4.48	6.24	39.22%	3.75%
Guangshen Railway (525 HK)	16.91 Billion (HKD)	1.32	2.05	55.30%	4.98%
China Railway Group (390 HK)	141.15 Billion (HKD)	3.70	6.73	82.00%	5.06%

Tourism

China and Hong Kong tourism and lodging related stocks are also expected to witness an improvement in investor sentiments during this Golden Week period. According to the South China Morning Post, 5 out of 23 hotels tracked by Morgan Stanley have already been filled up for the first few days in October despite Golden Week falling in the midst of the COVID-19 situation.

Name	Market Cap	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Songcheng Performance Development (300144 CH)	45.76 Billion (RMB)	17.50	21.00	20.02%	0.63%
Shanghai Jinjiang International Hotels (600754 CH)	33.24 Billion (RMB)	39.25	47.40	20.76%	1.53%
Fosun Tourism Group (1992 HK)	9.24 Billion (HKD)	7.48	10.43	39.39%	0.27%

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 25th September 2020 closing

Gaming

The badly battered sector which was hit by the global pandemic is expected to ramp up its activities for the busy Golden Week. Being the only region in China that allows commercial gambling, many people deem Macau their preferred destination to travel to.

Name	Market Cap	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Galaxy Entertainment (27 HK)	226.44 Billion (HKD)	52.20	63.93	22.47%	N/A
Sands China (1928 HK)	242.28 Billion (HKD)	29.95	38.23	27.64%	N/A
Wynn Macau (1128 HK)	63.72 Billion (HKD)	12.26	15.37	25.39%	N/A

Food and Beverage

Back in 2019, the Ministry of Commerce (China) quoted that retail and catering enterprises saw a rise in sales to 1.52 Trillion RMB. Despite the gloomy situation, consumption spending in this sector still demonstrates great potential.

Name	Market Cap	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Kweichow Moutai (600519 CH)	2.05 Trillion (RMB)	1635.11	1837.24	12.36%	1.04%
Luzhou Laojiao (000568 CH)	203.42 Billion (RMB)	138.88	153.83	10.76%	1.14%
Meituan Dianping (3690 HK)	1.36 Trillion (HKD)	232.00	286.28	23.39%	N/A

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 25th September 2020 closing

Entertainment/E-Commerce

The number of China's online shoppers is forecasted to grow from approximately 138 million in 2010 to approximately 894 million in 2020. Social networking, entertainment, e-commerce, mobile games and internet services are some areas expected to be a force to be reckoned with during this Golden Week period.

Name	Market Cap	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Tencent (700 HK)	4.82 Trillion (HKD)	503.50	613.74	21.89%	0.24%
Alibaba (9988 HK)	5.58 Trillion (HKD)	258.00	304.71	18.10%	N/A
JD.com (9618 HK)	883.23 Billion (HKD)	282.20	330.00	16.94%	N/A

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 25th September 2020 closing

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