

Major Market Indicators

| | 23 Jan | 22 Jan | 19 Jan |
|----------------|---------|---------|--------|
| Mkt. Turn.(mn) | 124,100 | 112,200 | 96,900 |
| Stock Advances | 1,154 | 290 | 551 |
| Stock Declines | 493 | 1,433 | 1,029 |
| HSI | 15,354 | 14,961 | 15,309 |
| Change | +393 | -348 | -83 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 15,400 |
| 50-days MA | 15,187 |
| 250-days MA | 15,796 |
| 14-days RSI | 54.67 |
| Primary resistance | 15,600 |
| Primary support | 15,200 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 5,160 |
| 50-days MA | 5,086 |
| 250-days MA | 5,311 |
| 14-days RSI | 53.66 |
| Primary resistance | 5,400 |
| Primary support | 5,000 |

Stock Pick

China Mobile (941)

Target: \$74

Stop loss: \$56

With a continuously rising share of revenue contribution from digital transformation, the revenue structure of China Mobile has become more balanced and robust, and the momentum of sustainable growth has been enhanced. Having a moderate growth in capital expenditure, its net profit margin is expected to rise steadily. China Mobile is a pick with high growth visibility and attractive dividends.

Lenovo (992)

Target: \$10.8

Stop loss: \$9

IDC report earlier pointed out that global PC shipments will resume positive growth in 2024. One of the important factors is that the development of AI has attracted market attention, and this year's technological progress in commercial computers and gaming computers will drive PC sales performance. We are positive towards Lenovo. The company has a leading position in the global PC market and can revolutionize the industry in the AI PC cycle.

CKI (1038)

Target: \$50

Stop loss: \$37

The Group has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy, Household Infrastructure and Infrastructure Related Businesses. Its investments and operations span Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States. Most of the profit of the Company comes from overseas, and therefore can benefit from the USD softness when the rate hike cycle ends. In addition, financial costs can also be reduced if interest rates are cut next year. The Group currently has HKD12bn cash and is therefore well positioned to look for new opportunities.

Market Overview

It is believed that the Chinese government is considering launching a huge stimulus package to support the weak market. After that, investor sentiment toward China picked up. Wednesday's trading activity will provide markets with a better idea of whether the stimulus is short-lived or more permanent. The Nasdaq China Golden Dragon Index rose 4.84% on Tuesday.

Hong Kong Stock Connect had a net outflow of HK\$5.32bn on Tuesday, of which HKEX (388) had the largest net inflow, reaching HK\$0.10bn; followed by Wuxi Bio (2269). Tracker Fund (2800) recorded the largest net outflow at HK\$2.63bn, followed by CSOP HS TECH (3033).

Daily Focus

NetEase (9999): The negative factors that dragged NetEase's share price have been partially eliminated

- The consultation period for the "Measures for the Administration of Online Games (Draft for Solicitation of Opinions)" ended on Jan22. Senior game industry insiders told China media that the Measures would still be introduced, but will definitely take into account the views and suggestions of the industry, and will retain more flexibility and room for maneuver. The released version will therefore certainly be different from the draft for consultation, report said.
- To recap, the fundamental of Netease is actually solid in recent quarter result.
- NetEase's net revenue increased 11.6% yoy to RMB27.3bn in 3Q23. Revenue from games and related value-added services was RMB21.8bn, a yoy increase of 16.5%; Youdao's net income was RMB1.5bn, a yoy increase of 9.7%; cloud music revenue fell by 16.3% to RMB1.97bn; innovation businesses and other net revenue was RMB1.98bn, nearly flat yoy.
- Gross profit increased 23.4% yoy to RMB17bn. Gross profit margin and operating profit margin increased steadily. Non-GAAP net profit was RMB8.64bn, a yoy increase of 15.7%.
- NetEase's gaming division performed well in the third quarter, with gross profit margin reaching 69%, thanks to contributions from Justice mobile, which gained robust revenue and user growth, accumulating over 50 million registered players. NetEase's first self-developed basketball game "Dunk City Dynasty" topped China's iOS best-selling list at the end of October.
- NetEase has a rich game pipeline that can be launched in the Chinese/international market in the next 2-3 years.

| NetEase (9999): Info | |
|------------------------|-------|
| Closed price | 146.2 |
| FY24 P/E (X) | 13.83 |
| FY24 Dividendyield (%) | 1.83 |
| 52 week high | 185.7 |
| 52 week low | 116.1 |
| 14 RSI | 49.59 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 48.32 | 50.32 | 87.28 |
| Balance as % of Quota Amount | 92.9 | 96.8 | 103.9 |

Top 10 Most Actively Traded Stocks(SH-HK Connect Southbound)

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|--------------|------------|------------------|-------------------|----------------|
| TENCENT | 700 | 597,095,480 | 817,623,934 | 1,414,719,414 |
| TRACKER FUND | 2800 | 3,916,970 | 1,349,920,995 | 1,353,837,965 |
| MEITUAN-W | 3690 | 592,452,545 | 711,805,319 | 1,304,257,864 |
| CHINA MOBILE | 941 | 319,286,250 | 214,538,350 | 533,824,600 |
| CM BANK | 3968 | 242,857,400 | 226,448,950 | 469,306,350 |
| SMIC | 981 | 128,021,640 | 287,494,879 | 415,516,519 |
| CNOOC | 883 | 199,059,040 | 168,985,800 | 368,044,840 |
| XPENG-W | 9868 | 62,849,380 | 222,666,785 | 285,516,165 |
| XIAOMI-W | 1810 | 122,360,776 | 141,402,652 | 263,763,428 |
| PING AN | 2318 | 89,037,425 | 155,763,925 | 244,801,350 |

Sources: HKEx

Top 10 Most Actively Traded Stocks(SZ-HK Connect Southbound)

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|--------------|------------|------------------|-------------------|----------------|
| TRACKER FUND | 2800 | 543,875 | 1,289,148,320 | 1,289,692,195 |
| TENCENT | 700 | 542,418,120 | 727,513,677 | 1,269,931,797 |
| CSOP HS TECH | 3033 | 134,872,532 | 729,989,298 | 864,861,830 |
| CNOOC | 883 | 186,017,900 | 243,368,721 | 429,386,621 |
| MEITUAN-W | 3690 | 153,780,055 | 253,753,707 | 407,533,762 |
| LI AUTO-W | 2015 | 126,599,080 | 149,420,662 | 276,019,742 |
| CHINA MOBILE | 941 | 57,650,175 | 176,951,300 | 234,601,475 |
| WUXI BIO | 2269 | 112,478,125 | 88,430,997 | 200,909,122 |
| KUAISHOU-W | 1024 | 80,489,325 | 113,133,885 | 193,623,210 |
| HKEX | 388 | 146,083,600 | 44,328,720 | 190,412,320 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Billion) |
|--------------|------|--------|--------------|-------------------|
| TRACKER FUND | 2800 | 2.45% | 15.48 | 121.95 |
| TENCENT | 700 | 3.74% | 272.00 | 96.84 |
| BABA-SW | 9988 | 3.36% | 67.65 | 50.52 |
| CSOP HS TECH | 3033 | 3.63% | 3.08 | 44.97 |
| MEITUAN-W | 3690 | 1.38% | 66.30 | 44.22 |
| HSCEI ETF | 2828 | 2.85% | 52.04 | 27.01 |
| AIA | 1299 | 3.64% | 61.25 | 25.51 |
| BYD COMPANY | 1211 | 3.20% | 197.00 | 21.62 |
| PING AN | 2318 | 5.03% | 31.30 | 21.55 |
| CM BANK | 3968 | 6.11% | 26.90 | 21.47 |

Ten Short Sell Stocks

| Stock Name | Code | Short Sell Amount | Turnover | Short Sell Ratio |
|--------------|----------|-------------------|----------|------------------|
| TRACKER FUND | 02800.HK | 5.80B | 12.20B | 47.58% |
| CSOP HS TECH | 03033.HK | 2.21B | 4.50B | 49.17% |
| TENCENT | 00700.HK | 2.09B | 9.68B | 21.55% |
| HSCEI ETF | 02828.HK | 1.24B | 2.70B | 45.93% |
| MEITUAN-W | 03690.HK | 1.10B | 4.42B | 24.94% |
| BYD COMPANY | 01211.HK | 1.04B | 2.16B | 48.01% |
| BABA-SW | 09988.HK | 773.39M | 5.05B | 15.31% |
| AIA | 01299.HK | 613.35M | 2.55B | 24.04% |
| PING AN | 02318.HK | 526.26M | 2.16B | 24.42% |
| CM BANK | 03968.HK | 465.66M | 2.15B | 21.69% |

Source: AA Stocks

Economic Calendars

| Date | Country | Event | Survey | Prior |
|------|-----------|------------------------------------------------------------------------|---------------------------------------------------|--------|
| Mon | China | 5-Year Loan Prime Rate | 4.20% | 4.20% |
| | Euro Zone | 1-Year Loan Prime Rate | 3.45% | 3.45% |
| Tue | US | 3M (MMM), Johnson & Johnson (JNJ), Netflix (NFLX) Results | | |
| | Japan | BOJ Monetary Policy Meeting | | |
| Wed | US | Jan. S&P Global Manufacturing PMI | 48.0 | 47.9 |
| | | Jan. S&P Global Services PMI | 51.0 | 51.4 |
| | Euro Zone | Abbott Laboratories (ABT), ASML (ASML), AT&T (T), Tesla (TSLA) Results | | |
| | | Jan. HCOB Manufacturing PMI | | 44.4 |
| | Euro Zone | Jan. HCOB Services PMI | | 48.8 |
| | | Hong Kong | New Oriental Education & Technology (9901) Result | |
| Thu | US | Initial Jobless Claims (Till Jan 20) | | 187k |
| | | Continuing Jobless Claims (Till Jan 13) | | 1,806k |
| | | 4Q. GDP Annualized (QoQ) | 1.9% | 4.9% |
| | | Dec. Retail Inventories (MoM) | | -0.1% |
| | | Dec. Durable Goods Orders (Ex Transportation) | 0.2% | 0.4% |
| | | Dec. New Home Sales | 650k | 590k |
| | Euro Zone | Blackstone (BX), Comcast (CMCSA), Intel (INTC), Visa (V) Results | | |
| | | ECB Monetary Policy Meeting | | |
| Fri | US | Dec. Personal Income | 0.3% | 0.4% |
| | | Dec. Personal Spending | 0.4% | 0.2% |
| | | Dec. PCE Deflator (MoM) | 0.2% | -0.1% |

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