

Major Market Indicators

	25 Jan	24 Jan	23 Jan
Mkt. Turn.(mn)	132,100	128,800	124,100
Stock Advances	1,117	1,208	1,154
Stock Declines	572	438	493
HSI	16,212	15,900	15,354
Change	+312	+546	+393

HSI Technical Indicators

10-days MA	16,201
50-days MA	15,810
250-days MA	15,735
14-days RSI	68.60
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,462
50-days MA	5,317
250-days MA	5,289
14-days RSI	68.94
Primary resistance	5,600
Primary support	5,200

Stock Pick

Tencent (700)

Target: \$400

Stop loss: \$258

Tencent achieved notable margin expansion, favored by the relatively new services such as Video Accounts and Mini Games which contributed high margin revenue streams. Meanwhile, the AI development of the Company is creating new growth opportunities and enriching its ecosystem.

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.

NetEase (9999):

Target: \$183

Stop loss: \$131

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%. 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.

Market Overview

Gross domestic product (GDP) data showed that the U.S. economy grew by 3.3% in the fourth quarter of last year, driven by stronger consumer spending. That was well above the 2% expected by economists, underscoring the economy's resilience despite the Federal Reserve's rate hikes. Thursday's report also included encouraging inflation data. The core personal consumption expenditures deflator (Core PCE), which excludes food and energy, rose 2% quarterly. Headline inflation rose only 1.7%.

Hong Kong Stock Connect had a net inflow of HK\$1.81bn on Thursday, of which CNOOC (883) had the largest net inflow, reaching HK\$0.33bn; followed by China Mobile (941). Tencent (700) recorded the largest net outflow at HK\$1.12bn, followed by Ping An (2318).

Daily Focus

AIA (1299): AIA's embedded value (EV) can increase when interest rate fall

- AIA delivered a 35% increase in VONB to US\$994 million in 3Q23, supported by strong performances across its distribution channels, with VONB from the proprietary agency and partnership distribution increased by 27% and 62% respectively. VONB growth was broad-based with double-digit increases from operations in Mainland China, Hong Kong, ASEAN and India.

AIA (1299): Info	
Closed price	65.05
FY24 P/E (X)	13.51
FY24 Dividend yield (%)	2.68
52 week high	90.65
52 week low	58.05
14 RSI	54.22

- AIA China's VONB growth was over 20% in 3Q23, an acceleration from the first half. The demand for long-term savings products remained strong, meanwhile, the Group also delivered very strong double-digit VONB growth from critical illness products. VONB margin for its agency remained broadly stable compared with 1H23 and overall VONB margin improved progressively through the third quarter (v.s. 50.3% in 1H23), supported by a higher proportion of traditional protection business, a favorable shift in product mix within long-term savings business and product repricing. The VONB growth is further supplemented by the successful launch of the new branch in Henan province in May.
- In terms of AIA's Hong Kong business, overall agent productivity has exceeded pre-pandemic levels. Sales to Mainland Chinese visitors continued to grow strongly, contributing around half of AIA Hong Kong's VONB in the quarter, similar to the level in the first half of 2023, reflecting AIA's continued market competitiveness in Hong Kong after the epidemic.
- The mainland China and Hong Kong markets contributed about half of AIA's new business value in the first half of the year. Supported by the value of new business in both places, AIA is expected to maintain strong growth in 4Q23.

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	45.42	49.10	80.14
Balance as % of Quota Amount	87.4	94.4	95.4

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	650,797,760	1,321,328,060	1,972,125,820
CNOOC	883	435,591,300	437,452,695	873,043,995
CCB	939	396,842,010	385,247,840	782,089,850
MEITUAN-W	3690	361,823,120	365,631,680	727,454,800
CHINA MOBILE	941	302,657,625	368,700,723	671,358,348
ICBC	1398	296,482,340	273,072,330	569,554,670
SMIC	981	199,413,440	275,473,420	474,886,860
PETROCHINA	857	326,335,540	73,169,740	399,505,280
PING AN	2318	137,873,450	254,442,750	392,316,200
CHINA SHENHUA	1088	240,119,600	129,943,700	370,063,300

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	316,220,820	769,919,660	1,086,140,480
CHINA MOBILE	941	616,466,400	260,176,775	876,643,175
CNOOC	883	574,423,040	236,733,544	811,156,584
MEITUAN-W	3690	306,568,865	288,440,799	595,009,664
CHINA UNICOM	762	217,082,580	125,862,960	342,945,540
EAST BUY	1797	213,509,475	126,307,475	339,816,950
SMIC	981	157,965,510	79,101,550	237,067,060
PING AN	2318	114,036,125	106,983,075	221,019,200
KUAISHOU-W	1024	148,762,160	61,858,930	210,621,090
XIAOMI-W	1810	67,826,328	139,755,420	207,581,748

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	3.19%	290.80	98.41
TRACKER FUND	2800	1.81%	16.35	71.97
BABA-SW	9988	1.03%	73.35	47.22
HSCEI ETF	2828	2.14%	55.38	43.24
MEITUAN-W	3690	-1.28%	69.40	31.00
PING AN	2318	4.85%	34.60	29.62
CSOP HS TECH	3033	0.62%	3.24	28.48
CCB	939	1.75%	4.66	28.05
CNOOC	883	4.79%	14.44	26.92
CHINA MOBILE	941	2.35%	67.65	24.84

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	3.43B	7.20B	47.71%
HSCEI ETF	02828.HK	2.82B	4.32B	65.17%
TENCENT	00700.HK	2.00B	9.84B	20.29%
CSOP HS TECH	03033.HK	1.56B	2.85B	54.63%
BYD COMPANY	01211.HK	1.08B	1.98B	54.79%
BABA-SW	09988.HK	865.85M	4.72B	18.34%
PETROCHINA	00857.HK	747.22M	1.92B	38.94%
CCB	00939.HK	673.40M	2.80B	24.01%
MEITUAN-W	03690.HK	566.93M	3.10B	18.29%
ICBC	01398.HK	563.60M	1.86B	30.29%

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
		Jan. HCOB Services PMI		48.8
Thu	US	Hong Kong New Oriental Education & Technology (9901) Result		
		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
		Blackstone (BX), Comcast (CMCSA), Intel (INTC), Visa (V) Results		
		Euro Zone 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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