

Major Market Indicators

	26 Jan	25 Jan	24 Jan
Mkt. Turn.(mn)	131,600	132,100	128,800
Stock Advances	546	1,117	1,208
Stock Declines	1,025	572	438
HSI	15,952	16,212	15,900
Change	-260	+312	+546

HSI Technical Indicators

10-days MA	15,992
50-days MA	16,057
250-days MA	15,721
14-days RSI	42.06
Primary resistance	16,200
Primary support	15,800

HSCEI Technical Indicators

10-days MA	5,379
50-days MA	5,402
250-days MA	5,282
14-days RSI	41.67
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

On Saturday, the National Bureau of Statistics announced that the profits of industrial enterprises fell by 2.3% year-on-year, 2.1 percentage points narrower than the decline in the first 11 months; while the year-on-year growth rate of revenue expanded by 0.1 percentage points from the first 11 months to 1.1%; The operating profit margin for the year was 5.76%, a slight decrease of 0.06 percentage points from the first 11 months. The overall operating profit margin continued to rebound but was still lower than 2022's level.

Hong Kong Stock Connect saw a net inflow of HK\$2.15 billion on Friday, of which Tracker Fund (2800) had the largest inflow, reaching HK\$1.33 billion; followed by Hang Seng China Enterprises (2828). WuXi Biologics (2269) recorded the largest net outflow of HK\$264 million, followed by China National Offshore Oil Corporation (883).

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	64.95
FY24 P/E (X)	13.49
FY24 Dividend yield (%)	2.68
52 week high	90.65
52 week low	58.05
14 RSI	41.81

- 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)	48.90	51.28	77.13
Balance as % of Quota Amount	94.0	98.6	91.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TRACKER FUND	2800	2,547,779,310	5,574,945	2,553,354,255
WUXI BIO	2269	1,139,344,200	795,963,398	1,935,307,598
CNOOC	883	685,685,800	700,794,102	1,386,479,902
TENCENT	700	406,854,940	728,687,717	1,135,542,657
MEITUAN-W	3690	393,316,105	433,969,756	827,285,861
MOG DIGITECH	1942	248,396,860	255,480,780	503,877,640
CHINA MOBILE	941	184,012,725	314,498,315	498,511,040
SMIC	981	129,035,220	267,552,970	396,588,190
WUXI APPTEC	2359	181,587,765	196,204,495	377,792,260
CCB	939	157,893,810	166,301,690	324,195,500

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
WUXI BIO	2269	916,950,050	1,181,107,050	2,098,057,100
TRACKER FUND	2800	1,326,386,285	582,025	1,326,968,310
CNOOC	883	415,108,280	620,750,600	1,035,858,880
TENCENT	700	424,146,900	383,261,808	807,408,708
HSCEI ETF	2828	749,181,188	567,768	749,748,956
MEITUAN-W	3690	274,463,490	312,499,162	586,962,652
CHINA MOBILE	941	281,115,350	217,754,050	498,869,400
CSOP HS TECH	3033	282,487,118	33,598,662	316,085,780
MOG DIGITECH	1942	159,205,780	146,711,180	305,916,960
GENSCRIPT BIO	1548	136,768,680	166,728,617	303,497,297

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.53%	16.10	136.66
WUXI BIO	2269	-18.17%	24.55	79.28
TENCENT	700	-2.75%	282.80	70.80
BABA-SW	9988	-3.34%	70.90	43.18
BYD COMPANY	1211	-4.13%	190.20	28.71
CNOOC	883	0.97%	14.58	26.91
HSCEI ETF	2828	-1.99%	54.28	26.79
MEITUAN-W	3690	-3.89%	66.70	25.00
WUXI APPTEC	2359	-16.43%	64.60	23.74
CSOP HS TECH	3033	-3.76%	3.12	19.60

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	8.47B	13.67B	61.97%
WUXI BIO	02269.HK	1.72B	7.93B	21.73%
TENCENT	00700.HK	1.61B	7.08B	22.81%
HSCEI ETF	02828.HK	1.59B	2.68B	59.24%
CSOP HS TECH	03033.HK	1.26B	1.96B	64.54%
BYD COMPANY	01211.HK	1.12B	2.87B	39.10%
BABA-SW	09988.HK	751.77M	4.32B	17.41%
HKEX	00388.HK	598.69M	1.71B	35.10%
XIAOMI-W	01810.HK	558.83M	1.30B	42.99%
CCB	00939.HK	553.54M	1.89B	29.33%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Jan. Conference Board Consumer Confidence	112.5	110.7
		Dec. JOLTS Job Openings		8,790k
		Alphabet A (GOOGL), AMD (AMD), Microsoft (MSFT), Pfizer (PFE), Starbucks (SBUX) Results		
		Euro Zone 4Q. GDP SA (YoY)		0.0%
Wed	US	Jan. ADP Employment Change	150k	164k
		Boeing (BA), MasterCard (MA), Nasdaq (NDAQ), QUALCOMM (QCOM) Results		
		China Jan. Manufacturing PMI		49.0
Thu	US	Jan. Non-manufacturing PMI		50.4
		FOMC Monetary Meeting (Announce in early morning on 1 Feb in HKT)		
		Initial Jobless Claims (Till Jan 27)		214k
		Continuing Jobless Claims (Till Jan 20)		1,833k
		4Q. Nonfarm Productivity	1.6%	5.2%
		Amazon (AMZN), Apple (AAPL), Facebook (META) Results		
		Euro Zone Jan. CPI Estimate (YoY)	2.8%	
Fri	US	China Jan. Caixin Manufacturing PMI		50.8
		Jan. Change in Nonfarm Payrolls	185k	216k
		Jan. Unemployment Rate	3.7%	3.7%
		Jan. Average Hourly Earnings (MoM)	0.3%	0.4%
		Jan. University of Michigan Sentiment	78.8	78.8
		ExxonMobil (XOM) Result		

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