

Major Market Indicators

	31 Jan	30 Jan	29 Jan
Mkt. Turn.(mn)	98,800	94,900	100,100
Stock Advances	459	393	807
Stock Declines	1,072	1,196	780
HSI	15,485	15,703	16,007
Change	-218	-374	+125

HSI Technical Indicators

10-days MA	15,476
50-days MA	15,681
250-days MA	15,608
14-days RSI	40.75
Primary resistance	15,600
Primary support	15,200

HSCEI Technical Indicators

10-days MA	5,193
50-days MA	5,266
250-days MA	5,241
14-days RSI	41.26
Primary resistance	5,400
Primary support	5,000

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.

China Telecom (728)

Target: \$5

Stop loss: \$3.6

The State Council previously announced that it will further study the inclusion of market value management in the performance assessment of the persons in charge of central SOEs. China Telecom, as well as other SOEs, responded in affirmation. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future. We see this as a catalyst for China Telecom.

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

Traders are closely watching the Federal Reserve's statement for signs of when the central bank will start cutting interest rates. The Fed's policy statement released on Wednesday included several adjustments, deleting the phrase "additional policy firming," but indicating that the Fed is not considering further interest rate increases but is not yet ready to cut interest rates. Powell appeared to temper market expectations for a rate cut in March, citing the need for more encouraging inflation data. "Based on the meeting today, I would tell you that I don't think it's likely that the committee will reach a level of confidence by the time of the March meeting to identify March as the time to do that. But that's to be seen," Powell said.

Hong Kong Stock Connect had a net outflow of HK\$0.63bn on Wednesday, of which Meituan (3690) had the largest net inflow, reaching HK\$0.25bn; followed by CCB (939). Tencent (700) recorded the largest net outflow at HK\$0.35bn, followed by Xiaomi (1810).

Daily Focus

China Mobile (941): a pick with high growth visibility and attractive dividends

- 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.
- The State Council previously announced that it will further study the inclusion of market value management in the performance assessment of the persons in charge of central SOEs. SOEs responded in affirmation. They vowed to actively carry out value management and value dissemination activities, and will adopt market capitalization management tools on a regular basis to safeguard company value and enhance shareholders' returns. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future.
- China Mobile is a pick with high growth visibility and attractive dividends.

China Mobile (941): Info	
Closed price	66.45
FY24 P/E (X)	9.01
FY24 Dividend yield (%)	7.88
52 week high	70.20
52 week low	55.80
14 RSI	57.4

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.50	48.37	83.14
Balance as % of Quota Amount	97.1	93.0	99.0

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	415,161,280	691,366,440	1,106,527,720
MEITUAN-W	3690	447,203,460	262,457,919	709,661,379
CNOOC	883	434,864,220	200,876,240	635,740,460
WUXI BIO	2269	319,235,475	310,620,910	629,856,385
CHINA SHENHUA	1088	305,543,600	292,299,250	597,842,850
CHINA MOBILE	941	369,745,925	196,862,488	566,608,413
HUANENG POWER	902	232,786,540	211,304,100	444,090,640
CCB	939	260,115,690	97,190,930	357,306,620
XIAOMI-W	1810	146,842,364	200,038,284	346,880,648
ICBC	1398	189,735,470	100,567,410	290,302,880

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	471,109,020	551,409,400	1,022,518,420
CNOOC	883	211,481,180	331,259,104	542,740,284
CHINA MOBILE	941	169,011,750	301,597,687	470,609,437
MEITUAN-W	3690	228,268,010	154,166,592	382,434,602
TONGRENTANGCM	3613	178,251,620	186,183,060	364,434,680
HUANENG POWER	902	144,131,240	189,062,780	333,194,020
WUXI BIO	2269	212,144,900	104,092,275	316,237,175
XIAOMI-W	1810	152,334,160	154,826,322	307,160,482
CHINA SHENHUA	1088	155,764,450	21,638,000	177,402,450
SMIC	981	92,782,750	82,816,720	175,599,470

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.33%	15.62	54.81
TENCENT	700	-1.17%	270.60	54.38
BABA-SW	9988	-2.25%	69.55	35.84
MEITUAN-W	3690	-4.36%	62.55	26.09
BYD COMPANY	1211	-2.02%	174.30	23.77
WUXI BIO	2269	-8.28%	20.50	20.69
AIA	1299	-1.69%	60.95	19.24
XIAOMI-W	1810	-4.50%	12.32	17.52
CCB	939	-0.22%	4.64	15.60
PING AN	2318	0.62%	32.70	13.70

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.68B	5.48B	48.87%
TENCENT	00700.HK	800.23M	5.44B	14.72%
XIAOMI-W	01810.HK	686.19M	1.75B	39.16%
BABA-SW	09988.HK	554.67M	3.58B	15.48%
BYD COMPANY	01211.HK	515.05M	2.38B	21.67%
CCB	00939.HK	485.04M	1.56B	31.09%
CSOP HS TECH	03033.HK	461.29M	1.03B	44.60%
MEITUAN-W	03690.HK	385.45M	2.61B	14.77%
ANTA SPORTS	02020.HK	318.22M	1.02B	31.29%
SUNNY OPTICAL	02382.HK	310.60M	1.32B	23.60%

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%
	Hong Kong	Hang Lung Properties (101) Result		
Wed	US	Jan. ADP Employment Change	150k	164k
		Boeing (BA), MasterCard (MA), Nasdaq (NDAQ), QUALCOMM (QCOM) Results		
		China Jan. Manufacturing PMI		49.0
		China Jan. Non-manufacturing PMI		50.4
Thu	US	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%	
	China	Jan. Caixin Manufacturing PMI		50.8
Fri	US	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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