

Major Market Indicators

	7 Feb	6 Feb	5 Feb
Mkt. Turn.(mn)	103,600	128,000	94,700
Stock Advances	701	1,257	530
Stock Declines	822	421	1,062
HSI	16,082	16,167	15,510
Change	-55	+627	24

HSI Technical Indicators

10-days MA	15,826
50-days MA	16,270
250-days MA	18,495
14-days RSI	52.15
Primary resistance	17,100
Primary support	15,300

HSCEI Technical Indicators

10-days MA	5,326
50-days MA	5,510
250-days MA	6,290
14-days RSI	51.86
Primary resistance	5,800
Primary support	5,100

Stock Pick

Tencent (700)

Target: \$400	China's National Press and Publication Administration, on February 2, released information on the approval of imported online games for 2024, with a total of 32 games approved. The overall number and pace of game license issuance has increased, alleviate the market's earlier concerns about regulatory tightening.
Stop loss: \$258	

China Telecom (728)

Target: \$5	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.
Stop loss: \$3.6	

China Mobile (941):

Target: \$74	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.
Stop loss: \$61	

Market Overview

Alibaba announced its third quarter results for fiscal year 2024. Revenue was RMB260.348bn, increase 5% yoy, slightly lower than Bloomberg's forecast of RMB 261.247bn. Adjusted EBITA increased by 2% yoy to RMB52.843bn. Non-GAAP net profit was RMB47.951bn, a decrease of 4%. The group also announced that the board of directors has approved an increase in the share repurchase plan by US\$25 billion, which will be valid until the end of March 2027. After adjustment, there will still be US\$35.3 billion under its share repurchase program in the next three fiscal years. The group said it expects to have further update in early April.

Hong Kong Stock Connect had a net outflow of HK\$2.35bn on Wednesday of which China Mobile (941) had the largest net inflow, reaching HK\$0.27bn; followed by China Shenhua (1088). Tencent (700) recorded the largest net outflow at HK\$0.46bn, followed by SMIC (981).

Daily Focus

Chow Tai Fook (1929): SSSG in both markets demonstrated a positive trend

- During the Third Quarter, the Retail Sales Value grew by 46.1% yoy. Both Mainland China and Hong Kong and Macau were benefitted from festive demand and a favourable comparison base. SSSG in both markets demonstrated a positive trend. In the Mainland, SSS recorded positive growth of 22.7% during the Quarter. In Hong Kong and Macau, the continued recovery of inbound tourism and the annual sale promotion were supportive to its business and SSS increased by 66.6%. SSSG grew by 58.8% and 100.7% for Hong Kong and Macau respectively.
- Meanwhile, the store opening momentum in Mainland China stayed steady and positive during the period. For the first nine months of FY2024, the Group added a net of 232 POS in Mainland China and 9 POS in Hong Kong, Macau and other markets for CHOW TAI FOOK JEWELLERY. On products, gold jewellery and products demonstrated strength and outperformed other product categories in 3Q24.
- The group pointed out that lower-tier cities have seen significant growth, and the primary strategic goal in the short term is still to improve the profitability of single stores. In addition, the company continues to launch new series of products and IP co-branded products, and shifts consumer demand to per-piece pricing categories, thereby increasing the overall gross profit margin.

Chow Tai Fook (1929): Info	
Closed price	11.38
FY24 P/E (X)	14.35
FY24 Dividend yield (%)	5.20
52 week high	16.00
52 week low	9.91
14 RSI	55.35

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	38.7	41.5	80.2
Balance as % of Quota Amount	92.1	98.9	95.5

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	560,157,460	776,405,900	1,336,563,360
SMIC	981	486,784,080	469,568,064	956,352,144
MEITUAN-W	3690	283,459,150	370,431,334	653,890,484
WUXI BIO	2269	295,745,745	276,733,005	572,478,750
CHINA SHENHUA	1088	329,644,625	91,918,125	421,562,750
CHINA MOBILE	941	245,502,150	140,180,525	385,682,675
CNOOC	883	189,265,380	137,575,738	326,841,118
CCB	939	195,814,970	107,454,880	303,269,850
BANK OF CHINA	3988	266,280,750	31,458,370	297,739,120
ABC	1288	263,230,600	32,347,700	295,578,300

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	371,167,280	617,593,850	988,761,130
SMIC	981	242,282,060	363,846,210	606,128,270
MEITUAN-W	3690	350,709,650	233,091,611	583,801,261
WUXI BIO	2269	224,429,825	216,555,080	440,984,905
CHINA MOBILE	941	230,016,400	57,153,839	287,170,239
XIAOMI-W	1810	118,383,136	147,079,443	265,462,579
KUAISHOU-W	1024	125,171,570	138,624,863	263,796,433
LI AUTO-W	2015	146,694,140	114,885,535	261,579,675
INNOVENT BIO	1801	139,549,625	115,193,725	254,743,350
CNOOC	883	96,149,620	97,391,300	193,540,920

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.48%	292.20	7.718
BABA-SW	9988	-1.45%	74.90	4.693
HSCEI ETF	2828	-1.15%	54.80	3.783
TRACKER FUND	2800	-0.49%	16.20	3.483
MEITUAN-W	3690	-1.44%	68.25	3.344
AIA	1299	1.45%	63.20	2.350
WUXI BIO	2269	5.62%	19.18	2.263
PING AN	2318	-0.29%	33.95	1.976
BYD COMPANY	1211	1.05%	182.80	1.702
CCB	939	-0.84%	4.72	1.571

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
HSCEI ETF	02828.HK	3.29B	3.78B	87.07%
TENCENT	00700.HK	1.30B	7.72B	16.81%
BABA-SW	09988.HK	813.58M	4.69B	17.34%
TRACKER FUND	02800.HK	763.39M	3.48B	21.92%
BYD COMPANY	01211.HK	572.42M	1.70B	33.63%
MEITUAN-W	03690.HK	547.86M	3.34B	16.39%
AIA	01299.HK	523.18M	2.35B	22.26%
XI2CSOPHSTECH	07552.HK	493.05M	1.13B	43.72%
JD-SW	09618.HK	332.09M	1.35B	24.58%
NTES-S	09999.HK	325.39M	1.41B	23.07%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Jan. ISM Services Index	52.1	50.5
		Caterpillar (CAT), McDonald (MCD) Results		
Tue	China	Jan. Caixin Services PMI	53.0	52.9
	US	Spotify (SPOT) Result		
Wed	US	Dec. Trade Balance	-\$62.3b	-\$63.2b
		PayPal (PYPL), Uber (UBER), Walt Disney (DIS) Results		
	Hong Kong	Yum China Holdings (9987), Alibaba (9988) Results		
Thu	US	Initial Jobless Claims (Till Feb 3)		224k
		Continuing Jobless Claims (Till Jan 27)		1,898k
	China	Kellogg (K) Result		
		Jan. PPI (YoY)	-2.6%	-2.7%
Fri	US	Jan. CPI (YoY)	-0.5%	-0.3%
		PepsiCo (PEP) Result		
	Hong Kong	HK Stock Connect Closed		
		Half Day Market (Lunar New Year's Eve)		

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