

MARKET OVERVIEW

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Hong Kong stocks advanced from a 13-month low level after some companies repurchased their shares to support share price, they are Wuxi Bio (2269 HK), Swire Pacific A (19 HK) and Sands China (1928 HK). The Hang Seng Index was up 135pts to 16,463pts with a daily turnover of HKD98.8b. Today, eyes on China trade data, including balance of trade, import and export.

SECTOR / COMPANY NEWS

China Online Game - 10th Batch of Approvals

On 4 Dec, the National Press and Publication Administration (NPPA) issued the 10th batch of approvals of the monetization license for domestic games in 2023. There are 87 new licenses approvals in this batch, similar to the 87 total approvals in the last batch in Oct. The number of games license approvals has been stabilizing during past months, market expects a new batch of imported game licenses may also be potentially issued in Dec 2023. Market eyes on upcoming game launches, including Tencent's (700 HK) DreamStar and NetEase-S's (9999 HK) Mission Zero.

China Airline - Outbound Not Recovery Yet

China's non-domestic (international) air passengers in Oct were 58% of pre-Covid level (vs. Sept's 57%), the recovery path is slower-than-expected. By routes, Chinese visitors to Korea decreased by 5% MoM to 44% of pre-Covid level; China visitation to Japan fell 21% MoM, achieving c.35% of pre-Covid level; Chinese arrivals to Australia were flattish MoM to c.60% of pre-Covid level. Some outbound traffic increased, including the ones visiting Thailand (2% MoM), Taiwan (1% MoM), Vietnam (+10% MoM), Hong Kong (+25% MoM) and Macau (+23% MoM). However, the outbound travel and air passenger recovery was slower-than-expected.

China Property - Slightly Improvement on Weekly Data

Market channel check suggests that property sales show a continuous improvement WoW in primary market. For new home sales, the volume was up 12% WoW with Tier-1 cities outperformed. Tier-1 cities were up 15% WoW, while, Tier-2/-3 cities rose 13%/10% WoW. Yet, secondary transaction fell 5% with positive price appreciation expectation from agents. YTD primary GFA sold on average was up 1% YoY, while YTD the secondary GFA sold on average rose by 30% YoY. Valuation-wise, the sector is trading at 58% discount to estimated NAV and 0.4x forward P/B. The valuation is low compared with the troughs time in 2H08, 2H11 and 1H14, however, market focus on Evergrande liquidation hearing (29 Jan) and when the homebuyer confidence restores.

China Smartphone Upcoming models are in Mid-/High-End

IDEAS OF THE DAY

After the peak season and Double-11 Shopping Festival promotion, market expects the number of new smartphone model launches to be moderated in Dec 2023 - Jan 2024. Meanwhile, the upcoming new models in Dec 2023 - Jan 2024 will be more focused on the mid-/ high-end (i.e. ranging from USD342-USD616). Recap that the new smartphone models launched in Oct were priced at USD342-\$685, which also belonged to mid-/ high-end. This trend reflects an easing of price pressure. The upcoming new models include OnePlus 12 - flagship SoC, 2K display and periscope camera (on 5 Dec); Realme GT5 Pro - flagship Soc, 100W fast charging, periscope camera (on 7 Dec); Vivo S18 - thin and light design, 50MPx main camera, LLM on device (in Dec); Oppo Find X7 - flagship, camera as the focus (in Jan).

Related stocks: Sunny Optical (2382 HK), Xiaomi-W (1810 HK)



Source: FactSet

Equity Indices	Last Close	Weekly Δ (%)	YTD Δ (%)	52-wk Low	52-wk High
HSI	16,463	-3.12%	-16.77%	16,229	22,701
Dow Jones	36,054	1.8%	8.8%	31,430	36,293
S&P500	4,549	-0.03%	18.5%	3,764	4,607
Nasdaq	14,147	-0.78%	35.2%	10,207	14,447
Nikkei 225	33,446	0.4%	28.2%	25,662	33,853
KLCI	1,446	-0.02%	-3.32%	1,375	1,500
SH Comp	2,969	-1.75%	-3.89%	2,924	3,419
Kospi	2,495	-0.97%	11.6%	2,181	2,668
TWSE	17,361	-0.06%	22.8%	13,982	17,517
STI	3,087	0.1%	-5.05%	3,042	3,408
JKSE	7,087	0.7%	3.5%	6,543	7,149
SET	1,390	0.1%	-16.73%	1,366	1,696

Source: FactSet

Note: Bloomberg consensus target price as of last trading day

UPCOMING CALENDAR

7 Dec: China Nov Balance of Trade, Exports YoY, Imports YoY
9 Dec: China Nov Inflation Rate, PPI

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