



Prime Number Weekly Market View:

Happy New Year! Chinese mainland markets remain closed on Monday January 3rd for 2022 New Year holidays. The Chinese Lunar New Year begins on February 1st – ushering in the Year of the Tiger. The modern calendar system is known as the Gregorian calendar after its introduction by Pope Gregory XIII in 1582AD, which was an update on the Julian calendar introduced by Julius Caesar in 46BC, which itself was an update on the Roman Calendar. The adoption of the Gregorian calendar only occurred in Asia starting with Japan in 1873 (during Meiji modernization), Korea in 1896, and China in 1912. In simple terms the Gregorian calendar is solar based with 365.245 days per year and the Lunar calendar is based on the phases of the Moon with 364 days per year. Festivals and holidays determined by the Lunar calendar such as Easter, Chinese New Year, Ramadan, and Rosh Hashanah can shift by as much as 11 days per year. The Gregorian calendar is fixed by its relationship to the winter/summer solstice and spring/fall equinox. This was important to agricultural planting seasons.

Looking forward into 2022 what should we anticipate in China:

1. Beijing Winter Olympics – Beijing will become the first city to host both the Summer (2008) and Winter (2022) Olympics. Unlike the positive reaction to the 2008 Olympics, 2022 is likely to be overshadowed by international geopolitical tensions. Nevertheless, once the games get underway the performance of the athletes will take center stage, and likely showcase China’s capabilities.
2. 3rd year of zero COVID – the latest lockdowns in large Chinese cities, such as Xi’an, highlight the ongoing difficulties and costs of managing the COVID-19 health crisis. China’s strict policies overhang the potential for a sustained economic rebound and may continue to contribute to global supply bottlenecks.
3. Xi’s likely third term – all eyes will be on the Chinese Communist Party’s 20th National Congress in Beijing this fall. After the regulatory crackdown of the last year and the focus on “common prosperity” global investors continue to assess the stance of the Chinese authorities. President Xi said that one reason for the slogan’s prominence was that he does not want China to suffer the same fate as some western countries – “The rich and the poor in some countries are polarized with the collapse of the middle class. This led to social disintegration, political polarization, and rampant populism.” In 2022, stock market valuations may experience a re-rating if the markets take a more positive view of policy agenda in China.
4. Economic slowdown – 2022 is on track to be the second slowest annual economic growth since 1990. Investors are keenly watching any potential policy pivots on either monetary or fiscal policy to restimulate growth in 2022. The Chinese stock market was among the worst performing global markets in 2021 (after being one of the best in 2020) so global investors are asking if now is the time to make a contrarian bet on China?

– Michael Longthorne, Co-CEO of Prime Number Capital

Prime Number Weekly Recap:

- Following Tencent’s divestiture of JD.com, JD announced to extend its repurchase program from \$2B to \$3B till March 17, 2024. ([JD.com](https://www.jd.com))
- RCEP has gone effective on Jan 1, 2022, and removed over 65% tariffs on imports from ASEAN, Australia, and New Zealand to China on the first day. It aims to eliminate about 90% of the tariffs on imports between its signatories (currently 15 Asia-Pacific nations) within 20 years of coming into force. ([Xinhua News](https://www.xinhuanews.com))
- Tesla delivered 936,172 vehicles in the full year of 2021, an 87% increase versus 2020. Its 4Q21 delivery was 308,600, significantly beat the Street’s estimate of 267,000. ([CNBC](https://www.cnbc.com)) Chinese EV makers also finished a stellar year with XPeng delivered 98,155 (+360%), Nio 91,429 (+109.1%), Li 90,491 (+177.4%), and NETA 69,674 (+362%).
- Facing increasing competition from Douyin, Meituan and Kuaishou announced to form a strategic partnership on December 27. Meituan will use Kuaishou mini programs to provide food local services to Kuaishou users, such as food delivery, tourism, hotel, and entertainment. ([Wallstreet.cn](https://www.wallstreetcn.com))
- Alibaba reportedly is in talks with Shanghai Media Group, a state-owned media conglomerate about divesting its 28.94% stake in Weibo as the Chinese government moves to curb Alibaba’s influence in media. ([Bloomberg](https://www.bloomberg.com))
- Huawei expects total revenue to be RMB 634B in 2021, 28.9% decline from 2020 due to sanctions by the US. ([CNBC](https://www.cnbc.com))



- Mobvista continued to repurchase stocks last week. Since December 7, the company has bought back 8.055M shares with ~HKD 51.4M in total, at an average price of HKD 6.4 per share.



Prime Number Weekly Market Comment:

2022 年新年快乐！中国沪深交易所在周一（1 月 3 日）休市，今年春节在 2 月 1 日。新的一年我们将持续跟踪中国市场。以下四点值得关注：

1. 北京冬奥会——北京将成为第一个举办过夏季（2008）和冬季（2022）奥运会的城市。不同于 2008 年时积极的国内外环境，今年的冬奥会受到国际地缘政治的负面影响。不过我们认为当冬奥会开始后，各国运动员的表现将重新成为媒体的话题中心。中国可以借此机会展示其在疫情环境下举办冬奥会的综合管理能力。
2. 新冠疫情动态清零政策进入第三年——近期疫情在中国西安爆发，另整座城市像 2020 年的武汉一样进入全封闭状态。可以看到中国正在为其严格的动态清零政策支付高昂的代价。经济和供应链也许会继续处于新冠疫情的威胁下。
3. 习近平大概率延任——在 2021 年推出各项政策改革和共同富裕目标后，国际投资者必须持续评估中国的政策方向。习近平曾在解释共同富裕的文章中提到他不希望中国走上一些西方国家的老路——“贫富分化，中产阶级塌陷，导致社会撕裂、政治极化、民粹主义泛滥”。今年秋天的中共二十大将成为全世界关注的焦点。市场对中国的政策改革或许会有新的认识，带来股票市场的重估。
4. 经济增速下滑——2022 年也许会成为中国自 1990 年以来经济增速最慢的一年。任何中国政府货币或财政政策宽松的信号都非常重要。中国股市去年是全球表现最差的市场之一（而 2020 年是表现最好的市场之一）。国际投行和投资者们认为中国政府会放宽政策刺激经济增长。现在也许是逆向投资中国股市的好机会。















– 质数资本 Co-CEO Michael Longthorne

Prime Number Weekly Recap:

- 在腾讯以分红方式撤出对京东的投资后，京东宣布将其股票回购计划从\$2B 扩大到\$3B，且时间延长到 2024 年 3 月 17 日。[\(JD.com\)](#)
- RCEP 在 2022 年 1 月 1 日生效当日，中国与东盟、澳大利亚、新西兰之间的立即零关税比例将超过 65%。协定的最终目标是在 20 年里实现已核准成员国之间 90% 以上的货物贸易零关税。目前 RCEP 拥有 15 个亚太地区成员国。[\(Xinhua News\)](#)
- 特斯拉在 2021 年总计交付了 936,172 辆汽车，相比 2020 年增长了 87%。在第四季度其交付了 308,600 辆汽车，大大超过华尔街 267,000 的预期。[\(CNBC\)](#) 中国电动汽车生产商同样在 2021 年交出了一份满意的成绩单。小鹏汽车交付 98,155 (+360%)，蔚来 91,429 (+109.1%)，理想 90,491 (+177.4%)，哪吒汽车 69,674 (+362%)。
- 面对抖音的竞争，美团和快手在 12 月 27 日宣布了达成互联互通战略合作。美团将在快手的开放平台上线美团小程序，为快手用户提供外卖、旅游、酒店、娱乐等本地生活服务。[\(Wallstreet.cn\)](#)
- 据报道，阿里巴巴正在与上海文广集团就其微博的 28.94% 股份进行交易磋商。上海文广集团是中国最大的国有媒体企业之一。中国政府正试图削减阿里巴巴在媒体和舆论方面的影响力。[\(Bloomberg\)](#)
- 任正非在新年致辞中表示由于美国制裁的影响华为 2021 年总营收预计为 RMB 634B，相较 2020 年下滑 28.9%。[\(CNBC\)](#)
- 汇量科技上周继续回购股票。自 12 月 7 日至今，公司已回购 8.055M 的股票，总计回购金额约 HKD 51.4M，平均回购价格每股 HKD 6.4。

PRIME NUMBER CAPITAL


OUR CASES

\$30M IPO  NASDAQ: AIH Oct 2019 Joint Book Runner	\$85M IPO  NASDAQ: BLCT Jul 2020 Joint Book Runner	\$45M IPO  NASDAQ: LIZI Jan 2020 Joint Book Runner	\$100M IPO  NASDAQ: EBON Jun 2020 Joint Book Runner	\$46M IPO  NASDAQ: QK Nov 2019 Joint Book Runner
\$40M IPO  NASDAQ: EH Dec 2019 Co-Manager	\$256M IPO  NASDAQ: GTH Jun 2020 Syndicate Member	De-SPAC  NASDAQ: UK Nov 2020 De-SPAC FA	De-SPAC  NASDAQ: CLNN Dec 2020 De-SPAC FA	De-SPAC  NASDAQ: LGHL Jun 2020 IPO Advisor
Private Placement  Ayla Networks FA to Investors	Private Placement  Magic Leap FA to Investors	Private Placement  Circle FA to Investors	Private Placement  Palantir FA to Investors	Private Placement  Pinterest FA to Investors

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UPCOMING TRANSACTIONS

 Supplier Of Display Modules And Polarizers NASDAQ: OST Exp. Nov 2021 Lead Underwriter	Project C Top E-Cigarette Company in China Exp. Jan 2022 Lead Underwriter	 Leading Wheelchair Manufacturer NASDAQ: [TBA] Exp. Nov 2021 Lead Underwriter	 Medical Device Manufacturer in China NASDAQ: MHUA Exp. Nov 2021 Lead Underwriter	 Electronics Component Trading Platform NASDAQ: ICZ Exp. Nov 2021 Lead Underwriter
\$40M IPO Project PNAI SPAC Exp. Dec 2021 Lead Underwriter	\$40M IPO RichSpace Acquisition Corp. SPAC Exp. Dec 2021 Lead Underwriter	\$40M IPO Project ASK SPAC Exp. Dec 2021 Lead Underwriter	\$75M IPO Project Manna SPAC Exp. Dec 2021 Lead Underwriter	And More ...

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Founder and CEO

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- Former Head of US Asia Multinational Banking, and Asia Pacific Head of Real Estate, TMT, and Consumers at BNP Paribas
- Deutsche Bank, GE Capital, Deloitte Consulting, Sinochem Holdings
- Philanthropist



Michael Longthorne
Co-CEO

- Global financial markets executive
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Yang Pu, CFA, MBA
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