

Major Market Indicators

| | 29 Feb | 28 Feb | 27 Feb |
|----------------|---------|---------|---------|
| Mkt. Turn.(mn) | 130,400 | 107,000 | 102,600 |
| Stock Advances | 899 | 548 | 875 |
| Stock Declines | 746 | 1,127 | 741 |
| HSI | 16,511 | 16,537 | 16,791 |
| Change | -25 | -254 | +156 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 16,568 |
| 50-days MA | 16,634 |
| 250-days MA | 16,429 |
| 14-days RSI | 41.37 |
| Primary resistance | 16,800 |
| Primary support | 16,400 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 5,698 |
| 50-days MA | 5,725 |
| 250-days MA | 5,622 |
| 14-days RSI | 42.01 |
| Primary resistance | 5,800 |
| Primary support | 5,400 |

Stock Pick

CKA (1113)

Target: \$41

Stop loss: \$34.15

The latest HK budget remove all restrictions on property transactions. In a high interest rate environment, the negative spread between rental yields and mortgage loan costs will continue to suppress investment demand, and the property market is expected to remain challenging in the first half of the year. However, in the medium to long term, if residential rents can rebound and mortgage rates can fall, market sentiment may improve, encouraging more citizens to enter property the market. Compared with many Hong Kong real estate companies, we prefer CKA. Because it actively reduces debt in a high-interest-rate environment, its debt level is much lower than that of its peers. At the same time, looking at the valuation discount and past dividend payment record, CKA's fundamentals are also slightly better.

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.

China Mobile (941):

Target: \$74

Stop loss: \$61

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.

Market Overview

The overall PCE index increased by 0.3% month-on-month in January and 2.4% year-on-year. This was the smallest yoy increase since February 2021, compared with a 2.6% increase in December, easing investor concerns. U.S. Treasury yields fell on the news, but data showed personal income rose 1% from January, suggesting consumer spending is likely to continue. Another news is that the number of people filing for unemployment benefits increased by 13,000 in the week ended February 17, which was higher than market expectations for an increase of 8,000.

Hong Kong Stock Connect had a net inflow of HK\$1.36bn on Thursday, of which China Telecom (728) had the largest net inflow, reaching HK\$0.13bn; followed by SMIC (981). Tencent (700) recorded the largest net outflow at HK\$0.18bn, followed by China Shenhua (1088).

Daily Focus

Trip.com (9961): Earning beats market expectation

- Trip.com's fourth-quarter net revenue was RMB10.3bn, grew by 105% yoy, which was consistent with market expectations. The adjusted EBITDA was RMB2.85bn, better than the expected RMB2.02bn.
- In terms of segment revenue, accommodation reservation revenue in the fourth quarter was RMB3.9bn, a yoy increase of 131%, consistent with market expectations; transportation ticketing revenue was RMB4.1bn, grew 86% yoy, similar to market expectations. Packaged-tour revenue was RMB704mn, a yoy increase of 329%, better than expected. Corporate travel revenue was RMB634mn, a yoy increase of 129%, better than expected.
- Domestic and international businesses continued to show robust recovery. Domestic hotel reservations grew by over 130% yoy. Outbound hotel and air reservations both recovered to over 80% of the pre-COVID level for the same period in 2019, compared to a 60% industry recovery in terms of international air passenger volume for the same period. Total bookings on the Company's global OTA platform have increased by over 70% yoy.
- The company has a leading position in the mid-to-high-end and outbound travel market segments, therefore can benefit from the recovery trend of China's outbound travel.

| Trip.com (9961): Info | |
|-------------------------|-------|
| Closed price | 356.8 |
| FY24 P/E (X) | 17.67 |
| FY24 Dividend yield (%) | 0.00 |
| 52 week high | 376.4 |
| 52 week low | 240.6 |
| 14 RSI | 64.98 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 40.94 | 41.62 | 80.71 |
| Balance as % of Quota Amount | 78.7 | 80.0 | 96.1 |

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|---------------|------------|------------------|-------------------|----------------|
| TENCENT | 700 | 714,724,520 | 606,255,270 | 1,320,979,790 |
| SMIC | 981 | 602,196,810 | 504,245,770 | 1,106,442,580 |
| ZTE | 763 | 406,103,284 | 361,484,760 | 767,588,044 |
| CHINA MOBILE | 941 | 334,625,700 | 359,113,275 | 693,738,975 |
| CNOOC | 883 | 482,612,740 | 139,101,580 | 621,714,320 |
| LI AUTO-W | 2015 | 203,689,750 | 280,342,240 | 484,031,990 |
| CHINA TELECOM | 728 | 296,544,900 | 159,270,540 | 455,815,440 |
| MEITUAN-W | 3690 | 239,218,390 | 178,964,178 | 418,182,568 |
| CHINA SHENHUA | 1088 | 135,964,825 | 214,880,025 | 350,844,850 |
| PING AN | 2318 | 174,948,925 | 53,006,975 | 227,955,900 |

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 | 427,777,460 | 722,036,455 | 1,149,813,915 |
| CNOOC | 883 | 272,211,780 | 546,777,760 | 818,989,540 |
| MEITUAN-W | 3690 | 300,371,515 | 381,393,404 | 681,764,919 |
| SMIC | 981 | 301,181,420 | 269,924,707 | 571,106,127 |
| LI AUTO-W | 2015 | 233,246,960 | 293,613,300 | 526,860,260 |
| CHINA MOBILE | 941 | 241,431,425 | 122,038,850 | 363,470,275 |
| ZTE | 763 | 155,180,772 | 178,125,052 | 333,305,824 |
| CHINA SHENHUA | 1088 | 119,283,950 | 205,856,050 | 325,140,000 |
| XPENG-W | 9868 | 164,738,500 | 52,410,965 | 217,149,465 |
| YANKUANG ENERGY | 1171 | 140,461,520 | 62,157,253 | 202,618,773 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Billion) |
|--------------|------|--------|--------------|-------------------|
| TENCENT | 700 | 0.07% | 277.20 | 82.32 |
| MEITUAN-W | 3690 | 1.85% | 79.80 | 36.19 |
| BABA-SW | 9988 | -1.82% | 72.90 | 36.05 |
| BIDU-SW | 9888 | -6.61% | 99.55 | 27.56 |
| LI AUTO-W | 2015 | 0.23% | 177.30 | 27.31 |
| BUD APAC | 1876 | -6.63% | 12.68 | 25.07 |
| TRACKER FUND | 2800 | -0.30% | 16.63 | 18.78 |
| AIA | 1299 | 0.55% | 63.60 | 18.61 |
| PING AN | 2318 | -1.27% | 35.10 | 17.12 |
| SMIC | 981 | 5.93% | 16.78 | 17.01 |

Ten Short Sell Stocks

| Stock Name | Code | Short Sell Amount | Turnover | Short Sell Ratio |
|---------------|----------|-------------------|----------|------------------|
| LI AUTO-W | 02015.HK | 958.51M | 2.73B | 35.10% |
| TENCENT | 00700.HK | 557.89M | 8.23B | 6.78% |
| CSOP HS TECH | 03033.HK | 462.77M | 1.35B | 34.31% |
| HSBC HOLDINGS | 00005.HK | 424.06M | 1.55B | 27.31% |
| BIDU-SW | 09888.HK | 421.40M | 2.76B | 15.29% |
| MEITUAN-W | 03690.HK | 418.20M | 3.62B | 11.56% |
| TRACKER FUND | 02800.HK | 342.38M | 1.88B | 18.23% |
| BYD COMPANY | 01211.HK | 306.55M | 1.54B | 19.89% |
| TRIP.COM-S | 09961.HK | 303.86M | 1.10B | 27.51% |
| XL2CSOPHSTECH | 07226.HK | 285.78M | 995.13M | 28.72% |

Source: AA Stocks

Economic Calendars

| Date | Country | Event | Survey | Prior |
|------|-----------|--|--------|-------|
| Mon | US | Jan. New Home Sales | 684k | 664k |
| | Hong Kong | CLP (2), Li Auto (2015) Results | | |
| Tue | US | Jan. Durable Goods Order (Ex Transportation) | 0.3% | 0.5% |
| | | Feb. Conference Board Consumer Confidence | 114.8 | 114.8 |
| | | eBay (EBAY) Result | | |
| Wed | US | 4Q. GDP (QoQ) | 3.3% | 3.3% |
| | | Jan. Retail Inventories (MoM) | | 0.8% |
| | Hong Kong | 2024-25 Budget | | |
| Thu | US | Sun Hung Kai (16), Galaxy Ent (27), Budweiser Brewing (1876), Baidu (9888) Results | | |
| | | Initial Jobless Claims (Till Feb 24) | | |
| | | Continuing Jobless Claims (Till Feb 17) | | |
| | | Jan. Personal Income | 0.5% | 0.3% |
| | | Jan. Personal Spending | 0.2% | 0.7% |
| | | Jan. PCE Deflator (MoM) | 0.3% | 0.2% |
| | | Jan. PCE Deflator (YoY) | 2.4% | 2.6% |
| | | Jan. Core PCE Deflator (MoM) | 0.4% | 0.2% |
| | | Jan. Core PCE Deflator (YoY) | 2.8% | 2.9% |
| | | Jan. Pending Home Sales | 1.0% | 8.3% |
| | | Dell (DELL) Results | | |
| | Hong Kong | HKEx (388), NetEase (9999) Results | | |
| Fri | US | Feb. ISM Manufacturing | 49.2 | 49.1 |
| | Euro Zone | Feb. CPI (YoY) | | |
| | | Feb. Unemployment Rate | 6.4% | 6.4% |
| | China | Feb. Manufacturing PMI | 49.4 | 49.2 |
| | | Feb. Non-manufacturing PMI | | |
| | | Feb. Caixin Manufacturing PMI | 50.7 | 50.8 |

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