

Major Market Indicators

	6 Mar	5 Mar	4 Mar
Mkt. Turn.(mn)	102,400	112,100	106,900
Stock Advances	1,009	433	651
Stock Declines	614	1,263	923
HSI	16,438	16,163	16,596
Change	+275	-433	+7

HSI Technical Indicators

10-days MA	16,445
50-days MA	16,342
250-days MA	16,548
14-days RSI	55.54
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,676
50-days MA	5,632
250-days MA	5,693
14-days RSI	55.55
Primary resistance	5,800
Primary support	5,400

Stock Pick

Weichai Power (2338)

Target: \$19

Stop loss: \$13.2

LNG prices have been falling since this year, and LNG prices are more likely to fall after winter, which can reduce the fuel costs paid by heavy truck drivers and improve the cost-effectiveness of LNG heavy trucks. Given that the LNG heavy-duty truck engine market has fewer competitors and higher barriers to entry, engine manufacturers are in a favorable position in the industry chain. Weichai has a 30% market share in traditional heavy truck engines and more than 60% in the LNG engine market, showing certain competitiveness.

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

Federal Reserve Chairman Jerome Powell reiterated on Wednesday that he expects interest rates to start falling this year but is not yet ready to say when. "The Committee does not expect that it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent," Powell said. He noted again that lowering rates too quickly risks losing the battle against inflation and likely having to raise rates further, while waiting too long poses danger to economic growth.

Hong Kong Stock Connect had a net inflow of HK\$1.15bn on Wednesday, of which Tencent (700) had the largest net inflow, reaching HK\$0.60bn; followed by China Mobile (941). PetroChina (857) recorded the largest net outflow at HK\$0.23bn, followed by ICBC (1398).

Daily Focus

Huaneng Power Intl (902): Benefit from limited upside of coal price

- The Company previously issued profit alert. According to the preliminary estimate, the net profit attributable to the shareholders of the Company in 2023 is estimated to be in the range of RMB8bn to RMB9bn, representing a turnaround from the loss recorded for 2022. Such turnaround was due to the decrease in domestic coal prices and increase in sales volume of electricity from previous financial year.
- The increase in the electricity sold by the Company in 2023 was mainly attributable to the yoy rise in the Company's power generation driven by the growth in electricity consumption of the whole society in 2023. The Company's thermal power played a crucial role in peak protection and support regulation during the summer and winter heating periods, resulting in a yoy increase in thermal power generation volume. The Company has expedited its development of green and low-carbon energy sources, with significant annual growth in installed capacity and power generation from wind and PV.
- As of March 5, the "CCTD Bohai Rim Thermal Coal Spot Reference Price" of three specifications of 5500K, 5000K, and 4500K closed at RMB922, RMB815, and RMB708/ton respectively, down RMB3, RMB4, and RMB2/ton from the previous month. Compared with the Spring Festival, the previous increase was only about narrowed to RMB10. As the temperature rises, it is difficult for coal prices to rise, which is beneficial to the company's cost side.

Huaneng Power Intl (902): Info	
Closed price	4.57
FY24 P/E (X)	4.62
FY24 Dividend yield (%)	10.11
52 week high	5.28
52 week low	3.22
14 RSI	62.13

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	51.20	52.38	80.71
Balance as % of Quota Amount	98.5	100.7	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	1,138,150,420	501,747,680	1,639,898,100
CNOOC	883	520,903,100	244,539,400	765,442,500
MEITUAN-W	3690	403,200,490	338,967,968	742,168,458
CHINA MOBILE	941	511,731,225	147,609,804	659,341,029
SMIC	981	181,202,890	207,281,526	388,484,416
ICBC	1398	75,748,830	311,098,950	386,847,780
CCB	939	100,414,440	274,175,390	374,589,830
LI AUTO-W	2015	174,457,500	168,187,790	342,645,290
WUXI BIO	2269	120,561,910	175,882,545	296,444,455
KUAISHOU-W	1024	124,793,220	130,907,640	255,700,860

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	498,660,620	530,521,371	1,029,181,991
CHINA MOBILE	941	330,598,950	170,678,900	501,277,850
LI AUTO-W	2015	303,756,180	146,315,750	450,071,930
CNOOC	883	247,820,480	176,764,196	424,584,676
MEITUAN-W	3690	258,743,055	146,740,014	405,483,069
WUXI BIO	2269	167,368,410	176,926,805	344,295,215
SMIC	981	184,733,350	147,849,220	332,582,570
KUAISHOU-W	1024	202,859,865	104,714,100	307,573,965
YANKUANG ENERGY	1171	206,294,720	97,974,240	304,268,960
PETROCHINA	857	17,566,860	256,697,800	274,264,660

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	2.39%	274.60	63.58
HSCEI ETF	2828	2.06%	57.46	54.87
TRACKER FUND	2800	1.84%	16.60	49.73
BABA-SW	9988	3.09%	71.85	40.20
MEITUAN-W	3690	2.72%	88.70	39.13
AIA	1299	-0.91%	60.25	25.84
JD-SW	9618	7.80%	89.20	19.17
HSBC HOLDINGS	5	0.75%	60.50	16.89
CSOP HS TECH	3033	2.39%	3.34	16.39
CCB	939	0.83%	4.84	15.38

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
HSCEI ETF	02828.HK	1.25B	5.49B	22.86%
MEITUAN-W	03690.HK	1.03B	3.91B	26.35%
TENCENT	00700.HK	781.03M	6.36B	12.28%
BABA-SW	09988.HK	555.46M	4.02B	13.82%
TRACKER FUND	02800.HK	517.20M	4.97B	10.40%
LI AUTO-W	02015.HK	498.81M	1.52B	32.79%
CCB	00939.HK	446.67M	1.54B	29.04%
JD-SW	09618.HK	384.21M	1.92B	20.04%
HSBC HOLDINGS	00005.HK	346.91M	1.69B	20.54%
ICBC	01398.HK	326.20M	1.09B	29.95%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Feb. ISM Services Index	52.9	53.4
		NIO (NIO), Target (TGT) Results		
	China	Feb. Caixin Manufacturing PMI	52.9	52.7
	Hong Kong	JD.com (9618), NIO (9866) Results		
Wed	US	Feb. ADP Employment Change	150k	107k
		Jan. JOLTS Job Openings		9,026k
	Hong Kong	JD Logistics (2618) Result		
Thu	US	Initial Jobless Claims (Till Mar 2)		215k
		Continuing Jobless Claims (Till Feb 24)		1,905k
		U.S. Federal Reserve Releases Beige Book		
		Jan. Trade Balance	-\$62.5b	\$62.2b
		4Q. Nonfarm Productivity (Final)	3.1%	3.2%
		Broadcom (AVGO), Costco (COST) Results		
	Euro Zone	ECB Monetary Policy Meeting		
	China	Feb. Exports YTD (YoY)	1.2%	
		Feb. Imports YTD (YoY)	1.7%	
		Feb. Trade Balance YTD		
	Hong Kong	MTR (66), Prada (1913), Wharf (1997), Bilibili (9626) Results		
Fri	US	Feb. Change in Nonfarm Payrolls	190k	353k
		Feb. Unemployment Rate	3.7%	3.7%
		Feb. Average Hourly Earnings (MoM)	0.3%	0.6%
	Euro Zone	4Q. GDP SA (QoQ)	0.0%	0.0%
Sat	China	Feb. PPI (YoY)		-2.5%
	China	Feb. CPI (YoY)		-0.8%

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