

Major Market Indicators

	7 Mar	6 Mar	5 Mar
Mkt. Turn.(mn)	98,000	102,400	112,100
Stock Advances	590	1,009	433
Stock Declines	1,008	614	1,263
HSI	16,230	16,438	16,163
Change	-20	+275	-433

HSI Technical Indicators

10-days MA	16,242
50-days MA	16,339
250-days MA	16,535
14-days RSI	37.73
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,619
50-days MA	5,646
250-days MA	5,697
14-days RSI	39.75
Primary resistance	5,800
Primary support	5,400

Stock Pick

CRRC (1766)

Target: \$5.3

Stop loss: \$3.8

The State Council executive previously considered and approved the Action Plan for the Promotion of the Large-Scale Equipment Renewal and Trade-in of Consumer Goods. Encouraged by policies, the pace of railway equipment renewal and replacement is expected to accelerate, which will benefit the company's long- Recently, CRRC disclosed a RMB14.78bn advanced refurbishment contract of MUs. Judging from the contract amount, the amount of the first advanced refurbishment contract announced this time exceeds that of the whole of last year term revenue growth in its railway equipment business. The newly added EMUs since 2010 are driving the EMU post-maintenance market to grow, and therefore companies like CRRC can be benefitted.

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

While Powell said the Fed wasn't ready to start cutting interest rates immediately, he told the Senate Banking Committee on Thursday that the Fed isn't far from having the confidence it needs on inflation to start. At the same time, the number of people filing for unemployment benefits in the United States remained unchanged last week at 217,000, further showing signs of a slowdown in the job market, while the important non-farm payrolls report will be released the next day.

Hong Kong Stock Connect had a net inflow of HK\$4.49bn on Thursday, of which CNOOC(883) had the largest net inflow, reaching HK\$0.95bn; followed by BOC (3988). PetroChina (857) recorded the largest net outflow at HK\$0.37bn, followed by Meituan (3690).

Daily Focus

CRRC (1766): recovery in demand for rail transit equipment

- The Group is a leading rolling stock manufacturers and solutions providers in China.
- The fourth meeting of the Central Financial and Economic Commission mentioned reducing logistics costs for the whole society, optimizing and adjusting the transportation structure, and promoting the "road-to-rail" transportation of bulk goods such as coal and ore. In addition, it was mentioned to promote the application of new railway energy equipment. China currently has nearly 10,000 diesel locomotives undertaking transportation tasks. In particular, some industrial and mining enterprises are still using DC diesel locomotives from the 1950s and 1960s, which are highly polluting, energy-consuming and noisy. Therefore, there is a need of elimination and update. The National Railway Administration stated that it will improve and update the subsidy policy, accelerate the promotion and application of new energy locomotives, and strive to basically eliminate old diesel locomotives by 2027.
- According to the Ministry of Transport, the national railway passenger volume in 2023 was 3.85bn, a yoy increase of 130.4%. During the 2024 Spring Festival, the railway passenger volume was 484 million, an annual increase of 39%, and an increase of 18.8% over the same period in 2019, reflecting the gradual increase in railway demand. According to the National Railway Administration, the national railway fixed asset investment in 2023 amounted to RMB764.5bn, a yoy increase of 7.5%. With the passenger volume hitting record high, there is a recovery in demand for rail transit equipment.
- The State Council executive previously considered and approved the Action Plan for the Promotion of the Large-Scale Equipment Renewal and Trade-in of Consumer Goods. Encouraged by policies, the pace of railway equipment renewal and replacement is expected to accelerate, which will benefit the company's long-term revenue growth in its railway equipment business.
- Recently, CRRC disclosed a RMB14.78bn advanced refurbishment contract of MUs. Judging from the contract amount, the amount of the first advanced refurbishment contract announced this time exceeds that of the whole of last year (the amounts announced in January and October 2023 were RMB7.01bn and RMB7.27bn respectively). From 2010 to 2014, the average annual number of new MUs in China doubled compared with 2007-2009. According to the China railway EMU operation and maintenance regulations, EMUs are mainly inspected based on the mileage cycle and supplemented by the usage time period. The newly added EMUs since 2010 are driving the EMU post-maintenance market to grow, and therefore companies like CRRC can be benefitted.

CRRC (1766): Info	
Closed price	4.34
FY24 P/E (X)	8.73
FY24 Dividend yield (%)	5.66
52 week high	5.26
52 week low	3.10
14 RSI	77.44

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Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.90	53.18	77.83
Balance as % of Quota Amount	97.9	102.3	92.7

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,186,817,780	376,893,636	1,563,711,416
WUXI BIO	2269	587,321,000	479,175,502	1,066,496,502
MEITUAN-W	3690	335,388,420	623,746,579	959,134,999
TENCENT	700	520,740,920	329,487,120	850,228,040
BANK OF CHINA	3988	509,804,100	35,269,060	545,073,160
CHINA MOBILE	941	197,821,050	320,530,300	518,351,350
UBTECH ROBOTICS	9880	244,815,720	207,085,445	451,901,165
LI AUTO-W	2015	188,819,110	234,756,140	423,575,250
WUXI APPTec	2359	281,384,990	128,107,645	409,492,635
CCB	939	120,183,050	227,237,540	347,420,590

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
WUXI BIO	2269	480,726,920	210,334,891	691,061,811
CNOOC	883	394,594,220	239,341,646	633,935,866
MEITUAN-W	3690	319,796,235	300,698,655	620,494,890
LI AUTO-W	2015	332,117,540	253,431,250	585,548,790
PETROCHINA	857	59,133,760	431,257,700	490,391,460
TENCENT	700	265,535,500	201,971,960	467,507,460
CHINA MOBILE	941	364,256,725	98,936,125	463,192,850
WUXI APPTec	2359	265,948,570	112,690,928	378,639,498
YANKUANG ENERGY	1171	250,897,400	119,022,300	369,919,700
UBTECH ROBOTICS	9880	154,861,080	111,218,365	266,079,445

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.08%	16.42	50.30
MEITUAN-W	3690	-3.72%	85.40	47.55
TENCENT	700	-1.31%	271.00	46.66
BABA-SW	9988	-1.60%	70.70	30.22
WUXI BIO	2269	-21.47%	17.08	29.66
JD-SW	9618	6.00%	94.55	28.14
CNOOC	883	2.75%	17.20	23.92
HSCEI ETF	2828	-1.25%	56.74	20.55
AIA	1299	-0.91%	59.70	18.01
LI AUTO-W	2015	-5.75%	144.20	17.59

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
MEITUAN-W	03690.HK	891.85M	4.75B	18.76%
TENCENT	00700.HK	756.69M	4.67B	16.22%
TRACKER FUND	02800.HK	723.25M	5.03B	14.38%
JD-SW	09618.HK	588.21M	2.81B	20.90%
LI AUTO-W	02015.HK	423.78M	1.76B	24.09%
BABA-SW	09988.HK	413.34M	3.02B	13.68%
XL2CSOPHSTECH	07226.HK	401.56M	978.02M	41.06%
WUXI BIO	02269.HK	355.58M	2.97B	11.99%
ZIJIN MINING	02899.HK	330.47M	814.40M	40.58%
CCB	00939.HK	330.41M	1.13B	29.33%

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		
	Hong Kong	JD Logistics (2618) Result		
Thu	US	Initial Jobless Claims (Till Mar 2)		215k
		Continuing Jobless Claims (Till Feb 24)		
		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		
		Feb. Average Hourly Earnings (MoM)		
	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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