

Major Market Indicators

	31 May	30 May	29 May
Mkt. Turn.(mn)	191,800	125,500	123,200
Stock Advances	745	562	503
Stock Declines	913	1,033	1,110
HSI	18,080	18,230	18,477
Change	-151	-247	-344

HSI Technical Indicators

10-days MA	18,767
50-days MA	17,629
250-days MA	17,618
14-days RSI	44.54
Primary resistance	18,200
Primary support	17,800

HSCEI Technical Indicators

10-days MA	6,670
50-days MA	6,223
250-days MA	6,056
14-days RSI	85.68
Primary resistance	6,600
Primary support	6,200

Stock Pick
Haier (6690)
Target: \$35
Stop loss: \$27

The Company achieved revenue of RMB68.978bn, net profit attributable to shareholders of the listed company of RMB4.773bn, representing an increase of 6.01%, and 20.16% respectively in 1Q24. In the domestic market, the Company continues to have mix upgrade and high-end share gains. The Overall GPM in 1Q24 reached 29.0%, up 0.3 ppts compared to the same period in 2023. Overall, the signals of improvement in the manufacturing industry, substantial infrastructure investment, and a modest rebound in consumption collectively bolstered the economic aggregate in China. Policies such as the trade-in of consumer goods will continue to be the engine of economic growth this year. It provides catalyst for the consumer goods sector. Haier Smart Home can be benefitted.

BOC (3988)
Target: \$4.2
Stop loss: \$3.3

The group's fundamentals are superior to those of its peers. Net interest income in 2023 was Rmb466.5bn, a YoY increase of 1.58%. The group's net interest margin was 1.59%, a YoY decrease of 16bps, but the decline in interest margin was smaller than that of its peers; PPOP reached Rmb401.2bn, an annual increase of 3.7%; net profit was Rmb231.9bn, exceeding market expectations and higher than the same period last year. Growth of 2.4% was higher than the 1.8% average annual growth for large banks in 2023. Overall, Bank of China's fundamentals are better than those of its peers. In 2023, its revenue growth rank first among the six major state-owned banks. In addition, the dividend rate is above 6%, which is attractive for long term investment.

HKEX (388)
Target: \$310
Stop loss: \$260

Recent initiatives announced by the China Securities Regulatory Commission, such as the expansion of eligible ETFs and the inclusion of Real Estate Investment Trusts in Stock Connect, the addition of RMB-denominated stocks in Southbound Stock Connect, as well as supporting leading Mainland companies to list in Hong Kong. Although these measures may not have a great impact in the short term, there maybe stimulating effect on the average daily trading volume when the market sentiment further improves.

Market Overview

China's PMI index released last Friday was mixed, with the manufacturing PMI falling back to the contraction range to 49.5, lower than market expectations and the previous level. Among them, new orders, new export orders and orders on hand are all in the contraction range, reflecting the current issue of insufficient or unstable market product demand, which will put pressure on subsequent revenue growth for manufacturer. For the non-manufacturing PMI was also lower than market expectations, recorded 51.1, but it still remained in the expansion range and only fell slightly by 0.1 from the previous value, the component of service PMI, the service industry business activity index was 50.5, compared with the previous value of 50.3. It continues to hover on the edge of the dividing line between boom and bust, but still with improvement. As the July summer holiday gradually approaching, the service PMI index in June may rise further.

Hong Kong Stock Connect saw a net inflow of HK\$9.9 billion on Friday, of which Tencent Holdings (700) had the largest inflow, reaching HK\$1.87 billion; followed by China Mobile (941). CSOP Hang Seng Technology ETF (3033) recorded the largest net outflow of HK\$300 million; followed by Agricultural Bank of China (1288).

Daily Focus

China Coal (1898): market reacted positively to the special dividend

- China Coal has proposed a special dividend of RMB 0.113 per share. The market has reacted positively, as the company's dividend payout ratio has ranged between 20% to 35% since 2016. In comparison, its peer Shenhua had a 70% payout ratio last year. This proposed dividend by China Coal may indicate the possibility of increased dividends in the future.
- The State Council will further study incorporating market value management into the performance evaluations of central enterprise leaders. State-owned enterprises have previously responded positively, stating that they will actively engage in value management and value delivery activities. They will regularly use market value management tools to maintain company value and enhance shareholder returns.
- The consideration of incorporating market value management into the performance evaluation indicators of state-owned enterprises is expected to drive these enterprises to continually increase their dividend payout ratios.
- Given the significant gains in coal stocks, it is advisable to wait for a price correction before buying and to accumulate shares gradually.

China Coal (1898): Info	
Closed price	9.85
FY24 P/E (X)	6.44
FY24 Dividend yield (%)	4.64
52 week high	9.98
52 week low	5.31
14 RSI	72.35

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Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	71.42	67.01	71.96
Balance as % of Quota Amount	23.7	16.2	85.7

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,771,255,400	673,359,164	2,444,614,564
AKESO	9926	1,062,454,100	888,023,266	1,950,477,366
CHINA MOBILE	941	1,085,284,550	349,765,475	1,435,050,025
BANK OF CHINA	3988	924,247,960	98,212,730	1,022,460,690
MEITUAN-W	3690	543,455,560	287,404,058	830,859,618
CNOOC	883	465,917,050	273,800,350	739,717,400
ICBC	1398	391,657,990	256,714,100	648,372,090
ABC	1288	181,649,330	425,797,840	607,447,170
CHINA TELECOM	728	265,492,700	292,513,000	558,005,700
XIAOMI-W	1810	321,334,296	205,270,160	526,604,456

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	1,372,752,640	605,552,544	1,978,305,184
AKESO	9926	558,217,200	495,868,893	1,054,086,093
CHINA MOBILE	941	867,342,325	118,356,925	985,699,250
MEITUAN-W	3690	476,582,590	482,996,103	959,578,693
CNOOC	883	389,160,650	299,692,970	688,853,620
XIAOMI-W	1810	321,699,640	152,888,536	474,588,176
PETROCHINA	857	413,304,780	39,395,848	452,700,628
KUAISHOU-W	1024	228,069,310	201,649,265	429,718,575
CSOP HS TECH	3033	10,621,008	310,370,007	320,991,015
CHINA SHENHUA	1088	201,784,150	67,613,500	269,397,650

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-2.23%	359.80	14.675
BABA-SW	9988	-1.84%	74.90	11.192
MEITUAN-W	3690	-3.49%	105.10	7.573
TRACKER FUND	2800	-0.87%	18.30	7.499
HSCEI ETF	2828	-1.04%	64.84	3.719
AKESO	9926	37.50%	44.00	3.553
CCB	939	-1.07%	5.54	3.474
AIA	1299	1.09%	60.45	3.353
KUAISHOU-W	1024	-0.27%	55.45	3.217
ICBC	1398	-1.12%	4.42	2.954

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TENCENT	00700.HK	1.62B	14.67B	11.02%
MEITUAN-W	03690.HK	937.67M	7.57B	12.38%
TRACKER FUND	02800.HK	785.11M	7.50B	10.47%
AIA	01299.HK	778.03M	3.35B	23.21%
BANK OF CHINA	03988.HK	630.47M	2.80B	22.49%
ICBC	01398.HK	590.30M	2.95B	19.99%
CSOP HS TECH	03033.HK	520.81M	1.84B	28.31%
KUAISHOU-W	01024.HK	510.09M	3.22B	15.86%
HSCEI ETF	02828.HK	481.90M	3.72B	12.96%
XL2CSOPHSTECH	07226.HK	473.38M	1.24B	38.05%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	May. ISM Manufacturing	49.7	49.2
	China	May. Caixin Manufacturing PMI	51.6	51.4
Tue	US	Apr. JOLTS Job Openings	8,300k	8,488k
		Apr. Factory Orders	0.7%	0.8%
		Apr. Durable Goods Orders	0.7%	0.7%
Wed	US	May. ADP Employment Change	175k	192k
		May. ISM Services Index	51.0	49.4
Thu	China	May. Caixin Services PMI	52.6	52.5
	US	Initial Jobless Claims (Till Jun 1)		219k
		Continuing Jobless Claims (Till May 25)		1,791k
		Apr. Trade Balance	-\$69.8b	-\$69.4b
	Euro Zone	ECB Monetary Policy Meeting		
	Hong Kong	Meituan (3690), NIO Inc (9866) Results		
Fri	US	May. Change in Nonfarm Payrolls	180k	175k
		May. Unemployment Rate	3.9%	3.9%
		May. Average Hourly Earnings (MoM)	0.3%	0.2%
	Euro Zone	1Q. GDP SA (YoY) Final	0.4%	0.4%
China		May. Trade Balance		\$72.35b
		May. Exports (YoY)		1.5%
		May. Imports (YoY)		8.4%

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