

Major Market Indicators

	11 Jun	7 Jun	6 Jun
Mkt. Turn.(mn)	139,800	133,100	114,600
Stock Advances	496	842	685
Stock Declines	1,161	767	955
HSI	18,176	18,367	18,477
Change	-191	-110	+52

HSI Technical Indicators

10-days MA	18,390
50-days MA	17,842
250-days MA	17,614
14-days RSI	74.43
Primary resistance	18,500
Primary support	18,000

HSCEI Technical Indicators

10-days MA	6,525
50-days MA	6,309
250-days MA	6,062
14-days RSI	61.81
Primary resistance	6,600
Primary support	6,200

Stock Pick
Trip.com (9961)
Target: \$480
Stop loss: \$394

At the beginning of the year, a survey was conducted to gather data on when Chinese residents plan to travel this year. The results showed that the majority of residents chose the summer vacation as their preferred travel period. To recap, Trip.com's 1Q24 revenue and profit both beat expectations. Net revenue was RMB 11.9bn, a yoy increase of 29%. Adjusted EBITDA was RMB4bn, compared with RMB2.8bn in 1Q23, and compared with RMB2.9bn in 4Q23. Adjusted EBITDA margin was 33%, compared with 31% in 1Q23, and compared with 28% in 4Q23. As the summer vacation is approaching, tourism sector may outperform the market.

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

Tonight, the United States will first announce the CPI inflation data for May, followed by the results of the latest FOMC discussion. The global market is currently waiting for the release of the above two results. The market currently expects CPI to rise 3.4% year-on-year and 0.1% month-on-month; core CPI is expected to rise 3.5% year-on-year and 0.3% month-on-month. In terms of the path of interest rate cuts, the market continues to expect that interest rates will remain unchanged at this meeting, and expects the first interest rate cut to occur in September, but the probability is only 48.3%.

The net inflow of Hong Kong Stock Connect on Tuesday was HK\$10.28 billion. Among them, Tracker Fund (2800) had the largest inflow, reaching HK\$1.61 billion; followed by China National Offshore Oil Corporation (883). COSCO Shipping Holdings (1919) recorded the largest net outflow of HK\$130 million, followed by Xiaomi (1810).

Daily Focus

China Mobile (941): Strong FCF likely to continue

- 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. SOEs responded in affirmation. They vowed to actively carry out value management and value dissemination activities, and will adopt market capitalization management tools on a regular basis to safeguard company value and enhance shareholders' returns. 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.
- In 1Q24, operating revenue of China Mobile was RMB263.7bn, up by 5.2% yoy; of which, revenue from telecommunications services was RMB219.3bn, up by 4.5% yoy. As of April, the total number of mobile business customers was 997.3mn, with a net increase of 1.737mn customers during the month, and a cumulative net increase of 6.362mn customers this year. The number of 5G package customers was 799mn in April.
- For the “Business” market, the Group focused its efforts on the integrated development of network, cloud and DICT (data, information and communications technology). It fully leveraged its advantage in cloud and network resources and maintained strong revenue growth momentum. 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.
- During the period, profit attributable to equity shareholders of the Group increased by 5.5% yoy to RMB29.6bn for 1Q24. NPM was 11.2%. EBITDA decreased by 2.3% yoy to RMB78.0bn, with EBITDA as a percentage of telecommunications services revenue standing at 35.6%. Management expects CAPEX to decline over the next 2-3 years, which should help free cash flow of the Group to remain strong.

China Mobile (941): Info	
Closed price	73.9
FY24 P/E (X)	10.3
FY24 Dividend yield (%)	7.1
52 week high	75.5
52 week low	57.2
14 RSI	63.9

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	65.71	58.58	71.63
Balance as % of Quota Amount	19.8	15.8	85.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,082,978,400	447,209,350	1,530,187,750
MEITUAN-W	3690	611,674,270	633,830,104	1,245,504,374
TENCENT	700	679,818,220	449,250,060	1,129,068,280
COSCO SHIP HOLD	1919	430,704,390	525,140,440	955,844,830
SMIC	981	421,153,760	315,214,890	736,368,650
TRACKER FUND	2800	715,520,195	1,723,225	717,243,420
CHINA MOBILE	941	324,504,225	340,012,300	664,516,525
KINGKEY FIN INT	1468	306,895,180	325,764,510	632,659,690
CCB	939	349,095,090	229,033,990	578,129,080
XIAOMI-W	1810	283,939,396	271,573,144	555,512,540

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
MEITUAN-W	3690	866,664,110	424,736,916	1,291,401,026
TENCENT	700	652,564,680	391,301,040	1,043,865,720
TRACKER FUND	2800	963,673,055	62,607,430	1,026,280,485
CNOOC	883	455,212,200	476,087,183	931,299,383
XIAOMI-W	1810	277,406,552	385,139,762	662,546,314
CHINA MOBILE	941	555,420,200	53,103,820	608,524,020
COSCO SHIP HOLD	1919	230,524,450	269,181,474	499,705,924
SMIC	981	263,680,250	182,860,680	446,540,930
CHINA SHENHUA	1088	379,793,950	21,630,300	401,424,250
BYD COMPANY	1211	296,826,100	21,326,700	318,152,800

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-0.27%	373.80	9.898
MEITUAN-W	3690	4.44%	115.30	8.224
TRACKER FUND	2800	-0.86%	18.50	7.797
HSCEI ETF	2828	-0.45%	65.72	4.194
BABA-SW	9988	-0.84%	76.45	3.473
AIA	1299	-1.97%	57.20	2.794
CCB	939	-2.12%	5.54	2.713
XIAOMI-W	1810	-1.70%	17.32	2.598
CNOOC	883	0.24%	21.30	2.553
BYD COMPANY	1211	1.69%	228.40	2.199

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.96B	7.80B	25.11%
TENCENT	00700.HK	1.34B	9.90B	13.53%
MEITUAN-W	03690.HK	1.22B	8.22B	14.87%
CCB	00939.HK	914.63M	2.71B	33.71%
HSCEI ETF	02828.HK	592.17M	4.19B	14.12%
BANK OF CHINA	03988.HK	564.00M	1.50B	37.66%
BABA-SW	09988.HK	542.15M	3.47B	15.61%
ICBC	01398.HK	509.45M	1.40B	36.49%
BYD COMPANY	01211.HK	493.31M	2.20B	22.44%
KUAISHOU-W	01024.HK	432.88M	1.95B	22.15%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior	
Mon	China	Market will close (Dragon Boat Festival)			
	Hong Kong	HK Stock Connect Closed			
Wed	US	Market will close (Dragon Boat Festival)			
		May. CPI (MoM)	0.1%	0.3%	
		May. CPI (YoY)	3.4%	3.4%	
	China	May. CPI Ex Food and Energy (MoM)	0.3%	0.3%	
		May. CPI Ex Food and Energy (YoY)	3.5%	3.6%	
		May. PPI (YoY)	-1.5%	-2.5%	
Thu	US	May. CPI (YoY)	0.4%	0.3%	
		FOMC Monetary Meeting (Announce in early morning on 13 Jun in HKT)			
			Initial Jobless Claims (Till Jun 8)		229k
			Continuing Jobless Claims (Till Jun 1)		1,792k
			May. PPI Ex Food and Energy (MoM)	0.3%	0.5%
			May. PPI Ex Food and Energy (YoY)		2.4%
			Broadcom (AVGO) Result		
		Euro Zone	Apr. Industrial Production SA (MoM)		0.6%
		Hong Kong	Chow Tai Fook (1929) Result		
	Fri	US	Jun. University of Michigan Sentiment	73.0	69.1
Adobe (ADBE) Result					
Japan		BOJ Monetary Policy Meeting			
	Euro Zone	Apr. Trade Balance SA		17.3b	

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