

Major Market Indicators

	13 Jun	12 Jun	11 Jun
Mkt. Turn.(mn)	107,300	115,100	139,800
Stock Advances	864	600	496
Stock Declines	703	991	1,161
HSI	18,113	17,938	18,176
Change	+175	-239	-191

HSI Technical Indicators

10-days MA	18,265
50-days MA	17,902
250-days MA	17,605
14-days RSI	53.97
Primary resistance	18,400
Primary support	18,000

HSCEI Technical Indicators

10-days MA	6,478
50-days MA	6,333
250-days MA	6,062
14-days RSI	46.36
Primary resistance	6,600
Primary support	6,200

Stock Pick

China Coal (1898)

Target: \$10.8

Stop loss: \$8.6

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 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.

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

The U.S. producer price index unexpectedly fell in May, with monthly PPI falling 0.2% last month after rising 0.5% in April. The year-on-year increase slowed to 2.2% from 2.3% in April. Initial jobless claims jumped to a 10-month high last week, boosting financial market hopes that the Fed will begin cutting interest rates in September.

Hong Kong Stock Connect had a net inflow of HK\$3.99bn on Thursday, of which BYD (1211) had the largest net inflow, reaching HK\$0.59bn; followed by CNOOC (883). HKEX (388) recorded the largest net outflow at HK\$0.02bn, followed by SMIC (981).

Daily Focus

Lenovo (992): Benefit from the accelerated demand momentum

- During the fiscal year, the Group encountered a setback of 8% in revenue and 37% in net profit, primarily driven by broad market weaknesses in the first half of the period under review. However, demand momentum accelerated in the latter half of the year. In the fourth fiscal quarter, the Group experienced a robust recovery, with sales grew by 9%. NI grew by 118% yoy to USD248mn.
- The Solutions and Services Group (SSG), serving as a structural growth engine. Segment profit rose 11% yoy, constituting 35 percent of the Group's combined segment profit across its three business groups. Intelligent Devices Group (IDG) remained a strong leader in market share and profitability, with its global market share improved by 50bps yoy, driven by gains across four out of five geographical markets. Its segment profitability remained robust at 7.1 percent, firmly within the upper range of its historical trend. However, the industry-wide challenges, including a shift in demand towards AI causing a short-term supply-side disruption, weighed on Infrastructure Solutions Group's (ISG) performance, leading to a segment loss for the full year. Nevertheless, its efforts in customer acquisition and portfolio expansion facilitated a turnaround, with sales rebounding to positive double-digit growth in the final fiscal quarter, setting the stage for future profitability improvement.
- The strategic cooperation framework agreement signed with the Saudi Sovereign Wealth Fund will open up the Middle East and Africa (MEA) market. Most of the countries in the MEA region are developing countries, and there is a huge demand gap in infrastructure, computing power and enterprise services. The MEA Region continues to see strong growth momentum fueled by an increasing number of large-cap projects and its strong economies, with the region's IT and Business Services market size expected to reach US\$38 billion by 2027, according to estimates by the International Data Corporation. The cooperation is expected to effectively provide overseas growth opportunities for the Company's ISG and SSG.

Lenovo (992): Info	
Closed price	10.86
FY25 P/E (X)	13.00
FY25 Dividend yield (%)	3.45
52 week high	12.26
52 week low	7.23
14 RSI	52.9

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	59.18	58.64	77.94
Balance as % of Quota Amount	17.6	14.1	92.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	590,921,400	584,153,992	1,175,075,392
CNOOC	883	646,838,750	489,462,850	1,136,301,600
CHINA MOBILE	941	171,423,975	518,525,575	689,949,550
WUXI BIO	2269	372,295,080	291,810,838	664,105,918
MEITUAN-W	3690	353,622,550	272,639,780	626,262,330
BYD COMPANY	1211	485,536,600	111,050,600	596,587,200
SMIC	981	208,284,260	254,128,500	462,412,760
CCB	939	252,879,020	125,499,900	378,378,920
HUA HONG SEMI	1347	145,740,900	171,344,200	317,085,100
KUAISHOU-W	1024	161,131,915	150,300,120	311,432,035

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	527,411,920	497,551,540	1,024,963,460
CHINA MOBILE	941	735,564,000	100,510,450	836,074,450
MEITUAN-W	3690	583,292,410	204,201,067	787,493,477
CNOOC	883	585,870,300	161,947,062	747,817,362
BYD COMPANY	1211	327,863,100	112,050,200	439,913,300
HKEX	388	68,440,880	272,767,300	341,208,180
WUXI BIO	2269	204,598,960	122,682,108	327,281,068
XIAOMI-W	1810	218,140,996	108,482,697	326,623,693
SMIC	981	168,530,420	150,290,690	318,821,110
KUAISHOU-W	1024	164,932,165	121,134,240	286,066,405

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
HSCEI ETF	2828	1.17%	65.66	6.803
TENCENT	700	2.43%	379.80	5.783
TRACKER FUND	2800	0.93%	18.46	4.987
BYD COMPANY	1211	5.82%	232.80	4.927
MEITUAN-W	3690	3.64%	116.70	4.334
BABA-SW	9988	0.47%	74.50	3.815
CNOOC	883	1.23%	21.40	1.869
CHINA MOBILE	941	1.09%	74.35	1.532
PING AN	2318	-0.41%	36.50	1.464
CCB	939	0.36%	5.51	1.463

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TENCENT	00700.HK	1.16B	5.78B	20.09%
BYD COMPANY	01211.HK	937.17M	4.93B	19.02%
MEITUAN-W	03690.HK	908.18M	4.33B	20.95%
HSCEI ETF	02828.HK	798.03M	6.80B	11.73%
CCB	00939.HK	734.32M	1.46B	50.20%
BABA-SW	09988.HK	617.67M	3.81B	16.19%
ICBC	01398.HK	454.11M	842.50M	53.90%
AIA	01299.HK	334.22M	1.16B	28.86%
BANK OF CHINA	03988.HK	330.14M	698.15M	47.29%
KUAISHOU-W	01024.HK	310.10M	1.43B	21.64%

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%	
		May. CPI Ex Food and Energy (MoM)	0.3%	0.3%	
	China	May. CPI Ex Food and Energy (YoY)	3.5%	3.6%	
		May. PPI (YoY)	-1.5%	-2.5%	
		May. CPI (YoY)	0.4%	0.3%	
Thu	US	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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