

Major Market Indicators

	14 Jun	13 Jun	12 Jun
Mkt. Turn.(mn)	116,200	107,300	115,100
Stock Advances	828	864	600
Stock Declines	790	703	991
HSI	17,942	18,113	17,938
Change	-171	+175	-239

HSI Technical Indicators

10-days MA	18,236
50-days MA	17,930
250-days MA	17,600
14-days RSI	58.82
Primary resistance	18,200
Primary support	18,400

HSCEI Technical Indicators

10-days MA	6,469
50-days MA	6,345
250-days MA	6,061
14-days RSI	48.01
Primary resistance	6,600
Primary support	6,200

Stock Pick

CGN Power (1816)

Target: \$3.6

Stop loss: \$3

According to historical data, the annual social electricity consumption peak is basically consistent with the occurrence of high temperature weather, both occurring in July-August. As industrial production improves this year, electricity consumption may further increase in hot weather. Driven by these two factors, the growth of electricity consumption this year may accelerate. President Xi Jinping hosted a meeting of business and industry experts in Shandong at the end of last month to discuss issues related to deepening the reform of the mainland's power industry. There may be further news at the Third Plenary Session of the CPC Central Committee.

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.

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.

Market Overview

The People's Bank of China released a number of data last Friday. In May, M1 fell by 4.2% year-on-year due to a decrease in corporate demand deposits, while M2 maintained a positive growth of 7%, partly driven by the inflow of funds into wealth management products. In terms of social financing, May increased by RMB 513.2 billion year-on-year, mainly driven by government financing and corporate bond financing. However, RMB loans to entities increased by RMB 406.2 billion year-on-year. Residential loans increased year-on-year, while corporate loans increased by RMB 513.2 billion year-on-year, driven by bill financing.

Hong Kong Stock Connect saw a net inflow of HK\$5.8 billion on Friday, of which Tracker Fund (2800) had the largest inflow, reaching HK\$930 million; followed by China Mobile (941). Hong Kong Exchanges and Clearing (388) recorded the largest net outflow of HK\$370 million, followed by Xiaomi (1810).

Daily Focus

CGN Power (1816): This summer may usher in another "heat"

wave

- Entering summer, market statistics show that high temperatures during the year generally occur from July to August. Many regions in the mainland have successively issued high temperature warnings. This summer may usher in another "heat" wave.
- Along with the hot weather, investors can pay attention to the performance of power sector. According to historical data, the annual social electricity consumption peak is basically consistent with the occurrence of high temperature weather, both occurring in July-August. As industrial production improves this year, electricity consumption may further increase in hot weather. Driven by these two factors, the growth of electricity consumption this year may accelerate.
- President Xi Jinping hosted a meeting of business and industry experts in Shandong at the end of last month to discuss issues related to deepening the reform of the mainland's power industry. There may be further news at the Third Plenary Session of the CPC Central Committee.

CGN Power (1816): Info	
Closed price	3.29
FY24 P/E (X)	13.11
FY24 Dividend yield (%)	3.40
52 week high	3.50
52 week low	1.81
14 RSI	64.5

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	103.60	85.41	75.96
Balance as % of Quota Amount	26.2	18.9	90.4

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,061,584,680	598,639,780	1,660,224,460
TRACKER FUND	2800	934,735,040	844,085	935,579,125
CNOOC	883	418,000,200	420,859,700	838,859,900
CHINA MOBILE	941	297,199,625	353,595,500	650,795,125
CHINA RES POWER	836	258,935,200	297,684,500	556,619,700
MEITUAN-W	3690	347,730,500	182,987,048	530,717,548
CHINA LONGYUAN	916	284,306,730	234,139,580	518,446,310
BANK OF CHINA	3988	429,510,520	18,957,230	448,467,750
CHINAHONGQIAO	1378	192,647,660	237,692,206	430,339,866
SMIC	981	187,628,630	198,061,700	385,690,330

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	676,545,660	1,283,544,720	1,960,090,380
MEITUAN-W	3690	594,308,530	651,556,798	1,245,865,328
CHINA MOBILE	941	681,509,925	154,380,675	835,890,600
CNOOC	883	480,781,900	180,771,381	661,553,281
XIAOMI-W	1810	163,739,680	476,239,704	639,979,384
KUAISHOU-W	1024	286,032,350	208,804,080	494,836,430
HKEX	388	45,285,880	415,707,760	460,993,640
CHINA LONGYUAN	916	193,367,360	152,383,690	345,751,050
CGN POWER	1816	138,122,680	179,890,060	318,012,740
BILIBILI-W	9626	70,866,046	236,442,222	307,308,268

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.03%	18.27	8.721
TENCENT	700	0.00%	379.80	7.947
BABA-SW	9988	-2.28%	72.80	4.520
MEITUAN-W	3690	-1.71%	114.70	4.379
HSCEI ETF	2828	-0.82%	65.12	2.302
AIA	1299	-1.94%	55.50	2.053
BYD COMPANY	1211	-1.46%	229.40	2.037
CHINA MOBILE	941	-1.14%	73.50	1.795
HKEX	388	-2.42%	257.60	1.677
KUAISHOU-W	1024	-0.59%	50.95	1.602

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TENCENT	00700.HK	1.45B	7.95B	18.26%
MEITUAN-W	03690.HK	1.02B	4.38B	23.23%
TRACKER FUND	02800.HK	985.69M	8.72B	11.30%
CCB	00939.HK	580.31M	1.36B	42.69%
BANK OF CHINA	03988.HK	550.76M	1.32B	41.65%
ICBC	01398.HK	531.27M	1.21B	44.01%
BABA-SW	09988.HK	520.48M	4.52B	11.52%
BYD COMPANY	01211.HK	503.53M	2.04B	24.72%
HSBC HOLDINGS	00005.HK	404.22M	1.07B	37.70%
KUAISHOU-W	01024.HK	391.21M	1.60B	24.43%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	May. Industrial Production (YoY)	6.1%	6.7%
	Hong Kong	May. Retail Sales (YoY)	3.0%	2.3%
Tue		May. Fixed Assets Ex Rural YTD (YoY)	4.2%	4.2%
	US	May. Retail Sales Advance (MoM)	0.3%	0.0%
		May. Industrial Production (MoM)	0.4%	0.0%
	Euro Zone	May. CPI (YoY) Final		
		May. CPI (MoM) Final		0.2%
	China	May. Core CPI (YoY) Final		2.9%
Wed	US	Market will close (Juneteenth Day)		
Thu	US	Initial Jobless Claims (Till Jun 15)		242k
		Continuing Jobless Claims (Till Jun 8)		1,820k
		May. Housing Starts	1,375k	1,360k
		May. Building Permits	1,460k	1,440k
		Jun. Philadelphia Fed Business Outlook	4.5	4.5
	UK	BOE Monetary Policy Meeting		
	China	5-Year Loan Prime Rate	3.95%	3.95%
		1-Year Loan Prime Rate	3.45%	3.45%
Fri	US	Jun. S&P Global Manufacturing PMI	51.0	51.3
		Jun. S&P Global Services PMI	53.4	54.8
		May. Existing Home Sales	4.10m	4.14m
	Euro Zone	Jun. HCOB Manufacturing PMI		47.3
		Jun. HCOB Services PMI		53.2

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