

Major Market Indicators

| | 21 Jun | 20 Jun | 19 Jun |
|----------------|---------|---------|---------|
| Mkt. Turn.(mn) | 129,100 | 103,600 | 112,800 |
| Stock Advances | 536 | 562 | 1,092 |
| Stock Declines | 1,049 | 1,047 | 550 |
| HSI | 18,029 | 18,335 | 18,430 |
| Change | -307 | -95 | +515 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 18,118 |
| 50-days MA | 18,065 |
| 250-days MA | 17,575 |
| 14-days RSI | 45.44 |
| Primary resistance | 18,200 |
| Primary support | 17,800 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 6,444 |
| 50-days MA | 6,402 |
| 250-days MA | 6,059 |
| 14-days RSI | 47.80 |
| 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.

China Mobile (941)
Target: \$82
Stop loss: \$67.5

Earlier, the market reported that the Central Government may abolish the 20% dividend tax payable by mainland investors to buy Hong Kong stocks through the "Hong Kong Stock Connect" on July 1, and the relevant shares performed well, including China Mobile. We have repeatedly recommended the stock for its stable earnings growth, clear dividend policy and benefit from market cap management of state-owned enterprises. 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.

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

Last Friday, the United States announced the S&P Global Service Industry and Manufacturing PMI Index. The service and manufacturing PMI in June were 55.1 and 51.7 respectively, which were both better than the market expectations of 53.4 and 51. Both results did not fall as expected by the market, but instead, both expanded, reflecting that U.S. economic activity remains resilient. It is worth noting that the report mentioned that price pressures have further weakened, this gives a positive signal to the Fed for future rate movement.

The net inflow of Hong Kong Stock Connect on Friday was HK\$4.58 billion, of which China Construction Bank (939) had the largest inflow, reaching HK\$670 million; followed by China Mobile (941). Yankuang Energy (1171) recorded the largest net outflow of HK\$94 million; followed by United Energy (467).

Daily Focus

China Mobile (941): Visible dividend policy

- Earlier, the market reported that the Central Government may abolish the 20% dividend tax payable by mainland investors to buy Hong Kong stocks through the "Hong Kong Stock Connect" on July 1, the anniversary of Hong Kong's return to the motherland, and the relevant shares performed well, including China Mobile. We have repeatedly recommended the stock for its stable earnings growth, clear dividend policy and benefit from market cap management of state-owned enterprises. 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. In May, the total number of mobile customers of China Mobile was 998 million, with a net increase of 1.078 million customers in a month. The net increase in the first five months was 7.44 million. The total number of 5G network customers is 502 million. 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. 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 | 74.3 |
| FY24 P/E (X) | 10.57 |
| FY24 Dividend yield (%) | 6.84 |
| 52 week high | 77.8 |
| 52 week low | 60.9 |
| 14 RSI | 54.8 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 70.38 | 58.09 | 77.45 |
| Balance as % of Quota Amount | 25.1 | 17.1 | 92.2 |

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|-----------------|------------|------------------|-------------------|----------------|
| CNOOC | 883 | 720,232,250 | 467,542,850 | 1,187,775,100 |
| TENCENT | 700 | 528,203,100 | 573,384,332 | 1,101,587,432 |
| MEITUAN-W | 3690 | 312,386,560 | 400,180,703 | 712,567,263 |
| ICBC | 1398 | 426,873,590 | 203,230,528 | 630,104,118 |
| CCB | 939 | 447,957,370 | 94,288,990 | 542,246,360 |
| SMIC | 981 | 277,500,580 | 196,328,250 | 473,828,830 |
| UNITEDENERGY GP | 467 | 229,517,750 | 222,453,750 | 451,971,500 |
| CHINA MOBILE | 941 | 360,213,250 | 57,400,025 | 417,613,275 |
| SENSETIME-W | 20 | 204,902,010 | 171,106,740 | 376,008,750 |
| XIAOMI-W | 1810 | 206,322,592 | 120,613,304 | 326,935,896 |

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 | 870,613,180 | 484,834,000 | 1,355,447,180 |
| CNOOC | 883 | 649,848,550 | 505,024,620 | 1,154,873,170 |
| MEITUAN-W | 3690 | 488,042,160 | 383,299,739 | 871,341,899 |
| ICBC | 1398 | 348,278,680 | 389,003,150 | 737,281,830 |
| CHINA MOBILE | 941 | 443,241,775 | 201,588,525 | 644,830,300 |
| XIAOMI-W | 1810 | 260,702,484 | 121,991,676 | 382,694,160 |
| CCB | 939 | 330,945,560 | 9,585,240 | 340,530,800 |
| UNITEDENERGY GP | 467 | 157,712,810 | 167,701,200 | 325,414,010 |
| SMIC | 981 | 116,934,630 | 193,512,640 | 310,447,270 |
| YANKUANG ENERGY | 1171 | 104,133,920 | 198,919,820 | 303,053,740 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Billion) |
|---------------|------|--------|--------------|-------------------|
| TENCENT | 700 | -1.60% | 381.40 | 9.865 |
| TRACKER FUND | 2800 | -1.66% | 18.40 | 5.987 |
| MEITUAN-W | 3690 | -3.09% | 116.20 | 4.726 |
| BABA-SW | 9988 | -1.91% | 72.00 | 4.176 |
| HSCEI ETF | 2828 | -1.67% | 65.90 | 4.002 |
| CCB | 939 | -1.38% | 5.71 | 2.971 |
| CSOP HS TECH | 3033 | -1.57% | 3.64 | 2.790 |
| ICBC | 1398 | -1.31% | 4.52 | 2.597 |
| CNOOC | 883 | -3.19% | 22.75 | 2.448 |
| J&T EXPRESS-W | 1519 | 0.36% | 8.33 | 2.184 |

Ten Short Sell Stocks

| Stock Name | Code | Short Sell Amount | Turnover | Short Sell Ratio |
|---------------|----------|-------------------|----------|------------------|
| CSOP HS TECH | 03033.HK | 2.23B | 2.79B | 79.80% |
| TRACKER FUND | 02800.HK | 1.63B | 5.99B | 27.24% |
| TENCENT | 00700.HK | 1.26B | 9.87B | 12.82% |
| HSCEI ETF | 02828.HK | 1.14B | 4.00B | 28.59% |
| ICBC | 01398.HK | 845.98M | 2.60B | 32.58% |
| CCB | 00939.HK | 764.32M | 2.97B | 25.73% |
| MEITUAN-W | 03690.HK | 702.93M | 4.73B | 14.87% |
| BABA-SW | 09988.HK | 628.63M | 4.18B | 15.05% |
| HSBC HOLDINGS | 00005.HK | 484.61M | 1.14B | 42.68% |
| BANK OF CHINA | 03988.HK | 453.89M | 1.26B | 36.09% |

Source: AA Stocks

Economic Calendars

| Date | Country | Event | Survey | Prior |
|------|-----------|--|--------|--------|
| Mon | Hong Kong | China Gas Holdings (384), L'Occitane (973) Results | | |
| Tue | US | Jun. Conference Board Consumer Confidence | 100.0 | 102.0 |
| | Hong Kong | Want Want (151) Result | | |
| Wed | US | May. New Home Sales | 650k | 634k |
| | | FedEx (FDX) Result | | |
| Thu | US | Initial Jobless Claims (Till Jun 22) | | 238k |
| | | Continuing Jobless Claims (Till Jun 15) | | 1,828k |
| | | 1Q.GDP Annualized (QoQ) (Final) | 1.5% | 1.3% |
| | | May. Pending Home Sales (MoM) | | -7.7% |
| | | May Durable Goods Orders | 0.0% | 0.6% |
| | China | May. Industrial Profits YTD (YoY) | | 4.3% |
| Fri | US | May. Personal Income | 0.4% | 0.3% |
| | | May. Personal Spending | 0.3% | 0.2% |
| | | May. PCE Core Deflator (MoM) | 0.1% | 0.2% |
| | | May. PCE Core Deflator (YoY) | 2.6% | 2.8% |
| | | Jun. University of Michigan Sentiment (Final) | | 65.6 |
| | | Nike (NKE) Result | | |
| | Hong Kong | Geely Automobile (175) Result | | |

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