

Major Market Indicators

	27 Jun	26 Jun	25 Jun
Mkt. Turn.(mn)	104,200	95,200	93,700
Stock Advances	407	807	821
Stock Declines	1,196	775	787
HSI	17,716	18,090	18,073
Change	-373	+17	+45

HSI Technical Indicators

10-days MA	18,049
50-days MA	18,152
250-days MA	17,545
14-days RSI	39.47
Primary resistance	18,000
Primary support	17,600

HSCEI Technical Indicators

10-days MA	6,441
50-days MA	6,441
250-days MA	6,053
14-days RSI	41.68
Primary resistance	6,600
Primary support	6,200

Stock Pick
CCB (939)
Target: \$6.3
Stop loss: \$5.4

Data shows that the decline in PPOP of china banks has slowed down (-4.9% in the first quarter of 2024 vs. -5.3% in the second half of 2023). CCB's revenue in the 1Q24 was RMB195.28 billion, a yoy decrease of 2.8%. Net interest income was RMB149.73bn, a yoy decrease of 2%, which was better than expected. The net interest margin was 1.57%, which was 1.52% better than expected. CCB's non-performing loan ratio in the 1Q 24 was 1.36%, a decrease of 0.01ppts from the end of last year. The company's financial situation is stable and it will distribute interim dividends in the future. With a dividend yield of over 7%, the share is defensive.

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 Power (2380)
Target: \$4.3
Stop loss: \$3.6

Recently, President Xi held a symposium with enterprises, experts and scholars, and mentioned deepening the reform of the electric power system, which reflects the high-level attention attached to the reform. The market generally expects that the Third Plenary Session in July will bring more details to the reform of the electric power system. Investors can pay more attention to new energy concepts, including China Power. At the end of 2023, the Group's total combined installed capacity was 45,018.8 MW, of which the clean energy accounting for 75.39% of the total combined installed capacity.

Market Overview

The National Bureau of Statistics released the profit of industrial enterprises in the first five months. Although revenue growth accelerated 0.3 percentage points from the previous value to 2.9%, total profits showed a slowdown in growth, a reduction of 0.9 percentage points from the previous value to 3.4%. In terms of industrial categories, 32 industries recorded year-on-year profit growth, one more industry recorded profit growth, compared to the previous value. The decline in profit growth of state-owned enterprises narrowed 0.4 percentage points from the previous value to 2.4%, while private enterprises continued to expand their profit growth by 0.8 percentage points to 7.6%. The efficiency of industrial enterprises still needs to be further consolidated and strengthened.

Hong Kong Stock Connect had a net inflow of HK\$3.65bn on Thursday, of which China Mobile (941) had the largest inflow, reaching HK\$830 million; followed by Industrial and Commercial Bank of China (1398). Tencent (700) recorded the largest net outflow of HK\$470 million, followed by Li Ning (2331).

Daily Focus

NetEase (9999): looking forward to “where winds meet”

- To recap, NetEase's 1Q24 net income was RMB 26.9bn, a yoy increase of 7.2%, in line with expectations. Among them, net revenue from games and related value-added services was RMB21.5bn, a yoy increase of 7.0%, which was in line with expectations. Non-GAAP net profit attributable to the company's shareholders was RMB 8.5bn, in line with expectations.
- NetEase's stock price has lagged behind the market since the beginning of the year, mainly due to poor feedbacks of its new game Condor Heroes.
- However, there are several positive factors for the stock right now. NetEase currently trades at a lower price-to-earnings ratio than its peers. In addition, NetEase previously updated its cooperation agreement with Blizzard, games such as "World of Warcraft" return to the Chinese market this summer. The market is looking forward to NetEase's revenue growth in international games. Finally, The market is looking forward to “where winds meet” , which will be officially launched on July 26.

NetEase (9999): Info	
Closed price	150.3
FY24 P/E (X)	13.44
FY24 Dividend yield (%)	1.63
52 week high	185.7
52 week low	116.1
14 RSI	56.78

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	55.47	47.46	78.40
Balance as % of Quota Amount	20.8	13.2	93.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
XIAOMI-W	1810	830,599,480	634,655,395	1,465,254,875
TENCENT	700	432,089,840	1,014,138,071	1,446,227,911
CNOOC	883	572,782,850	688,295,250	1,261,078,100
CHINA MOBILE	941	948,914,325	232,175,886	1,181,090,211
CHINA SHENHUA	1088	336,972,175	432,275,100	769,247,275
CCB	939	427,647,590	296,225,230	723,872,820
ICBC	1398	501,284,470	172,101,930	673,386,400
CM BANK	3968	545,304,875	24,083,800	569,388,675
SMIC	981	203,732,600	249,327,730	453,060,330
MEITUAN-W	3690	154,482,970	291,190,342	445,673,312

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	720,192,700	611,491,526	1,331,684,226
XIAOMI-W	1810	528,104,764	351,325,109	879,429,873
CNOOC	883	335,286,900	395,011,872	730,298,772
CHINA MOBILE	941	352,697,050	234,534,650	587,231,700
MEITUAN-W	3690	326,606,270	237,642,561	564,248,831
CHINA SHENHUA	1088	213,005,525	85,339,325	298,344,850
LI NING	2331	18,609,160	277,265,700	295,874,860
ICBC	1398	252,945,730	41,546,760	294,492,490
CCB	939	232,459,610	58,307,930	290,767,540
ASMPT	522	257,575,290	14,181,610	271,756,900

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-1.99%	374.40	6.579
XIAOMI-W	1810	-7.18%	16.54	4.109
TRACKER FUND	2800	-1.84%	18.13	3.614
HSCEI ETF	2828	-2.21%	64.20	3.177
MEITUAN-W	3690	-2.82%	113.70	3.140
BABA-SW	9988	-1.78%	71.55	2.699
AIA	1299	-2.20%	53.25	2.474
CHINA MOBILE	941	0.60%	75.00	2.164
CNOOC	883	-3.55%	21.75	2.045
CCB	939	-1.21%	5.72	1.938

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
HSCEI ETF	02828.HK	859.86M	1.94B	44.34%
TRACKER FUND	02800.HK	455.60M	2.33B	19.55%
XL2CSOPHSTECH	07226.HK	445.23M	582.23M	76.47%
XIAOMI-W	01810.HK	307.76M	2.41B	12.76%
FL2 CSOP HSI	07200.HK	286.27M	350.70M	81.63%
TENCENT	00700.HK	280.67M	2.43B	11.57%
ICBC	01398.HK	227.37M	767.02M	29.64%
PING AN	02318.HK	212.98M	808.78M	26.33%
CCB	00939.HK	200.93M	968.36M	20.75%
AIA	01299.HK	164.19M	1.15B	14.30%

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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