

**Major Market Indicators**

	5 Jul	4 Jul	3 Jul
Mkt. Turn.(mn)	90,300	90,800	113,600
Stock Advances	599	681	955
Stock Declines	975	894	617
HSI	17,800	18,028	17,979
Change	-229	+50	+209

**HSI Technical Indicators**

10-days MA	17,923
50-days MA	18,305
250-days MA	17,521
14-days RSI	44.39
Primary resistance	18,000
Primary support	17,600

**HSCEI Technical Indicators**

10-days MA	6,416
50-days MA	6,504
250-days MA	6,052
14-days RSI	45.87
Primary resistance	6,600
Primary support	6,200

**Stock Pick**
**China Mobile (941)**
**Target: \$82**
**Stop loss: \$73**

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. Management expects CAPEX to decline over the next 2-3 years, which should help free cash flow of the Group to remain strong.

**Trip.com (9961)**
**Target: \$460**
**Stop loss: \$343**

Trip.com's 1Q24 revenue and profit both exceeded expectations. Domestic hotel and air bookings grew by over 20% yoy; outbound hotel and air bookings increased by over 100% yoy; and total revenue from the company's global OTA platform, Trip.com, grew by approximately 80% yoy. Management remains confident in the travel momentum for the summer holiday and beyond, expecting significant growth in the outbound travel segment driven by the continued recovery of flight capacity and the resolution of visa backlogs.

**China Power (2380)**
**Target: \$4.7**
**Stop loss: \$3.9**

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**

On Friday, the Federal Reserve released its semi-annual monetary policy report, which summarized the U.S. economic conditions and the implementation of the Federal Reserve's monetary policy in the first half of the year. It is pointed out that as inflation slows and the job market returns to the "tense but not overheated" state, the U.S. economy is gradually returning to normal. The inflation slowdown is making moderate progress. In addition, new forecasts from policymakers show that they have adjusted their interest rate cut expectations from three times to only once this year, and some financial market participants and policymakers still expect the Federal Reserve to cut interest rates twice before the end of the year.

Net inflows were HK\$350 million on Friday, of which Industrial and Commercial Bank of China (1398) had the largest inflow, reaching HK\$330 million; followed by Tencent (700). Tracker Fund (2800) recorded the largest net outflow of HK\$950 million; followed by Hang Seng China Enterprises (2828).

## Daily Focus

### China Mobile (941): Visible dividend policy

- 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	76.85
FY24 P/E (X)	10.91
FY24 Dividend yield (%)	6.66
52 week high	79.0
52 week low	60.9
14 RSI	61.2

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	59.22	49.31	81.57
<b>Balance as % of Quota Amount</b>	21.8	16.3	97.1

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
SENSETIME-W	20	478,537,680	421,595,070	900,132,750
CNOOC	883	570,582,100	323,053,850	893,635,950
TENCENT	700	514,832,260	371,292,030	886,124,290
ICBC	1398	653,505,490	139,947,120	793,452,610
CHINA MOBILE	941	285,030,325	461,166,650	746,196,975
CCB	939	557,768,590	170,499,510	728,268,100
TRACKER FUND	2800	4,891,475	568,446,365	573,337,840
MEITUAN-W	3690	154,067,880	247,648,032	401,715,912
SINOPEC CORP	386	277,584,180	83,806,620	361,390,800
HSCEI ETF	2828	7,297,688	346,850,464	354,148,152

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
ICBC	1398	386,810,340	568,041,900	954,852,240
CNOOC	883	265,090,800	459,929,934	725,020,734
CCB	939	118,682,600	494,223,260	612,905,860
TENCENT	700	328,569,800	253,583,616	582,153,416
SENSETIME-W	20	338,369,410	226,983,373	565,352,783
CHINA MOBILE	941	198,550,150	235,903,500	434,453,650
TRACKER FUND	2800	10,960,805	396,609,965	407,570,770
HSCEI ETF	2828	183,388	262,135,656	262,319,044
KUAISHOU-W	1024	50,538,030	206,954,793	257,492,823
HKEX	388	18,397,920	208,225,356	226,623,276

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
HSCEI ETF	2828	-1.30%	65.16	4.157
TRACKER FUND	2800	-1.35%	18.26	4.028
TENCENT	700	-0.68%	379.80	4.014
CCB	939	-3.25%	5.36	3.461
ICBC	1398	-2.69%	4.70	2.853
MEITUAN-W	3690	-0.50%	119.10	2.797
SENSETIME-W	20	-16.15%	1.35	2.685
BABA-SW	9988	-0.34%	72.90	2.228
AIA	1299	-1.99%	51.75	2.169
HSBC HOLDINGS	5	-1.53%	67.80	1.624

## Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TENCENT	00700.HK	864.03M	4.01B	21.53%
CCB	00939.HK	812.90M	3.46B	23.49%
MEITUAN-W	03690.HK	673.01M	2.80B	24.06%
TRACKER FUND	02800.HK	606.28M	4.03B	15.05%
ICBC	01398.HK	601.51M	2.85B	21.08%
BYD COMPANY	01211.HK	410.34M	1.24B	33.12%
BANK OF CHINA	03988.HK	402.96M	1.19B	33.94%
CSOP HS TECH	03033.HK	365.24M	764.09M	47.80%
BABA-SW	09988.HK	325.32M	2.23B	14.60%
HKEX	00388.HK	322.74M	1.59B	20.34%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior
Wed	China	Jun. PPI (YoY)	-0.8%	-1.4%
		Jun. CPI (YoY)	0.4%	0.3%
Thu	US	Initial Jobless Claims (Till Jul 6)		238k
		Continuing Jobless Claims (Till Jun 29)		1,858k
		Jun. CPI (MoM)	0.1%	0.0%
		Jun. CPI (YoY)	3.1%	3.3%
		Jun. CPI Ex Food and Energy (MoM)	0.2%	0.2%
		Jun. CPI Ex Food and Energy (YoY)	3.4%	3.4%
Fri	US	Jul. University of Michigan Sentiment	67.0	68.2
		Jun. PPI (MoM)	0.1%	-0.2%
		Citigroup (C), JP Morgan (JPM) Results		
	China	Jun. Exports (YoY)	8.0%	7.6%
		Jun. Imports (YoY)	2.9%	1.8%
		Jun. Trade Balance (USD)	\$83.70b	\$82.62b

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