



Major Market Indicators

	6 Sep	5 Sep	2 Sep
Mkt. Turn.(mm)	82,200	98,400	110,200
Stock Advances	828	499	565
Stock Declines	712	1,080	988
HSI	19,203	19,226	19,452
Change	-23	-226	-145

HSI Technical Indicators

10-days MA	19.681
50-days MA	20,409
250-days MA	22,594
14-days RSI	36.22
Primary resistance	19,500
Primary support	19,000

HSCEI Technical Indicators

10-days MA	6,746
50-days MA	7,009
250-days MA	7,894
14-days RSI	37.26
Primary resistance	6,800
Primary support	6,400

Stock Pick

CNOOC (0883)

Target: \$13.50

Stop loss: \$9.7

CNOOC (00883) posted a strong interim result, with net profit increased by 1.15 times to a record high. Last week the shutdown of Nord Stream 1 pipeline further deepened the Europe's energy crisis. The global energy price is expected to have support in the short term. CNOOC earlier promised the expected annual payout ratio to be no less than 40% in the next three years, and the annual absolute dividend no less than HK\$0.70 per share. We find the dividend policy of CNOOC to be attractive.

China Construction Bank (0939)

Target: \$6.20

Stop loss: \$4.00

CCB's interim result was basically in line with expectations. With the introduction of measures to stabilize the economy in the second half of the year, consumer demand has been gradually improved. The management of China Construction Bank expects that the growth of consumer loans to improve in 2H22.

Times Electric (3898)

Target: \$45.00

Stop loss: \$34.60

Times Electric recorded satisfactory interim result with revenue and net profit grew 23% and 25% yoy. The revenue of emerging business (incl. power semiconductor device and NEV electric drive system business) rose 135%. China continues to release new policies to stimulate the economy, supporting investment in infrastructure construction. Meanwhile the Group has potential to grasp the opportunities of the national carbon neutrality policy.

Market Overview

The ISM services index inched higher to 56.9 from 56.7, above street consensus. Treasury yields rose sharply following the strong economic data, with the 10-year treasury yield rising to fresh three-month highs. US indexes stumbled, and HSI is expected to remain soft.

Hong Kong Stock Connect had a net inflow of HK\$0.94bn on Tuesday, of which CNOOC (0883) had the largest net inflow, followed by Tencent (0700). Meituan (3690) recorded the largest net outflow, followed by Geely (0175). OPEC+ previously announced a cut of 100,000 barrels of crude oil production, partially offset the possibility that macroeconomic downturn may send the oil price lower. Oil related stocks performed well yesterday, with southbound capital flowing in.

Daily Focus

CCB(00939) 's fundamental remains stable ; suitable for long term investment

- China Construction Bank (939.HK)'s interim result was basically in line with expectations, with profit before tax at RMB192.4bn, representing a 4.3% yoy growth. Net interest income increased by 6%, while net fee and commission income fell by 2.1%, with both income recorded lower growth in 2Q22 on a quarterly basis, reflecting the impact of the epidemic and the downward pressure on the macro economy, but the overall business of CCB remained stable.
- CCB's net interest spread in the first half of the year was 1.9%, down 5 and 9 basis points from the same period in 2021 and 2020, respectively, but still higher than its peers. The net interest margin was 2.09% in the first half of the year, which was also higher than its peers.
- As for asset quality, the Group recorded a credit impairment loss of RMB103.3bn in the first half of the year, a decrease of RMB5.13bn or 4.73% from the same period last year. This was mainly because impairment losses on loans and advances to customers decreased by RMB1.4bn, and other impairment losses decreased by RMB6.8bn from the same period last year, while impairment losses on financial investments increased by RMB3bn. CCB's provision coverage ratio was at 244.12%, and the allowances to total loans was at 3.43%, which were reasonable and comparable to its peers, reflecting the Group's appropriate risk control.
- The momentum of bank sector had been weak since the beginning of the year, mainly because of the uncertainty concerning the impact of non-performing loans of property developers on banks' balance sheets. However, with the introduction of measures to boost consumption and stabilize the economy in the second half of the year, consumer demand has been gradually improved. The management of China Construction Bank expects that the growth of consumer loans to improve in 2H22.

CCB (0939): Info	
Closed price	4.75
FY22 P/E(X)	3.35
FY22 Dividend yield (%)	9.03
52 week high	6.23
52 week low	4.73
14 RSI	33.31

Analyst: Derek Yip

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	51.29	53.98	81.75
Balance as % of Quota Amount	98.6	103.8	97.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	554,516,840	424,023,700	978,540,540
TENCENT	700	435,347,500	368,554,975	803,902,475
MEITUAN-W	3690	134,731,140	274,711,107	409,442,247
BYD COMPANY	1211	218,801,500	158,566,600	377,368,100
CHINA SHENHUA	1088	198,495,125	139,688,650	338,183,775
CHINA MOBILE	941	217,360,200	83,700,375	301,060,575
GEELY AUTO	175	32,777,320	182,563,990	215,341,310
COSCO SHIP HOLD	1919	130,698,135	66,199,831	196,897,966
INNOVENT BIO	1801	25,299,650	119,034,000	144,333,650
YANKUANGENERGY	1171	60,620,300	78,585,300	139,205,600

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
KOOLEARN	1797	1,264,870,850	1,278,538,225	2,543,409,075
TENCENT	700	417,512,220	99,779,360	517,291,580
MEITUAN-W	3690	133,926,130	231,957,878	365,884,008
CNOOC	883	301,127,440	39,405,580	340,533,020
GCL TECH	3800	172,949,460	130,195,560	303,145,020
CHINA OVERSEAS	688	212,937,625	40,139,400	253,077,025
CHINA SHENHUA	1088	103,676,550	115,224,525	218,901,075
YANKUANGENERGY	1171	113,467,700	103,399,900	216,867,600
COFCO JOYCOME	1610	78,093,410	122,769,050	200,862,460
GOGOX	2246	105,829,232	72,192,604	178,021,836

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover (Million)
TENCENT	700	-1.51%	314.20	50.99
TRACKER FUND	2800	0.05%	19.81	31.91
HSCEI ETF	2828	0.03%	67.16	25.92
BABA-SW	9988	-0.51%	88.05	25.77
KOOLEARN	1797	31.47%	37.60	24.95
MEITUAN-W	3690	-0.12%	173.40	22.56
BYD COMPANY	1211	2.70%	220.80	20.82
CNOOC	883	0.80%	10.12	14.59
CSOP HS TECH	3033	-0.05%	4.01	11.22
CHINA MOBILE	941	0.40%	49.95	9.68

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
HSCEI ETF	02828.HK	1.81B	2.59B	70.00%
TRACKER FUND	02800.HK	1.60B	3.19B	50.13%
TENCENT	00700.HK	1.04B	5.10B	20.31%
CSOP HS TECH	03033.HK	892.23M	1.12B	79.52%
MEITUAN-W	03690.HK	723.64M	2.26B	32.07%
BYD COMPANY	01211.HK	331.50M	2.08B	15.92%
BABA-SW	09988.HK	297.16M	2.58B	11.53%
JD-SW	09618.HK	258.70M	798.45M	32.40%
PING AN	02318.HK	240.54M	838.99M	28.67%
CHINA OVERSEAS	00688.HK	211.64M	793.12M	26.69%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (Labor Day)		
	Euro Zone	Aug. S&P Global Services PMI		50.2
		Jul. Retail Sales (MoM)		-1.2%
Tue	China	Aug. Caixin Services PMI	54.0	55.5
	US	Aug. S&P Global Services PMI	44.2	44.1
		Aug. ISM Services Index	55.2	56.7
Wed	US	Jul. Trade Balance	-\$70.1b	\$79.6b
	Euro Zone	2Q. GDP (QoQ)	0.6%	0.6%
		2Q. GDP (YoY)	3.9%	3.9%
	China	Aug. Imports and Exports		
	Hong Kong	Brilliance China (1114), NIO (9866) Results		
Thu	US	U.S. Federal Reserve Releases Beige Book		
		Initial Jobless Claims (Till Sep 3)		232k
		Continuing Jobless Claims (Till Aug 27)		1,438k
	Euro Zone	ECB Monetary Policy Meeting		
Fri	Hong Kong	Sun Hung Kai (16), Bilibili (9626) Results		
	China	Aug. PPI (YoY)	3.2%	4.2%
		Aug. CPI (YoY)	2.8%	2.7%

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