Key China Market Indices

Index	Ticker	Price	Past 2-Week Return	YTD Return
Hang Seng Index	HSI.HK	22,672	-8.7%	-11.5%
HSCEI Index	HSCE.HK	7,461	-10.9%	-16.3%
Hang Seng Tech Index	HSTECH.HK	4,256	-10.7%	-22.8%
Shanghai Composit Index	000001.SH	4,027	-1.7%	1.5%
CSI 300 Index	000300.SH	4,868	-0.5%	5.1%

Source: UOB Kay Hian and iFinD, as of June 26, 2026.

- **China's Growing Pains.** Retail sales (-0.6% yoy) and fixed asset investment (-4.1% yoy) both contracted in May, reflecting the diminishing stimulus of China's consumer trade-in program and a persistent drag from macro weakness. However, exports continued to surge (+19% yoy), fueling industrial production growth (+4.5%) and resulting in a monthly trade surplus of over USD 100 bn. Divergence between a weakening domestic economy and inflationary, silicon-driven exports forms a sharp contrast and sets the macro narrative for China.
- **Big Tech losing shine.** The Hang Seng Index retreated 8.7% over the past two weeks, extending its YTD loss to 11.5%, while the Hang Seng Tech was down sharply by 10.7%, with YTD loss widening to 22.8%. Concerns grew over intensifying AI competition and returns on investment (ROI) for Big Tech's AI spending. A notable exception was the semiconductor industry, which outperformed under our "silicon inflation" thesis and amid the escalating US-China AI arms race.
- **A-shares relatively resilient.** The Shanghai Composite Index declined by a relatively modest 1.7%, while the CSI 300 Index was nearly flat at -0.5%, leaving its YTD gain at a healthy 5.1%. The outperformance of A-shares reflects low foreign participation, low onshore interest rates and ongoing support from the National Team.
- **Southbound trading inflows slowed** to HKD 4.5 bn but remained positive despite the broad market correction. Investors rotated decisively out of Big Tech names and into semiconductor stocks. SMIC (0981.HK) attracted a staggering HKD 9.5 bn in net buying, while Alibaba (9988.HK) suffered a record HKD 16.3 bn in net outflows.
- **Best-performing sectors:** Health Care (e.g., 2359.HK, 2268.HK) fell by a comparatively modest 2.6%; Industrials (e.g., 1888.HK, 0148.HK) fell 4.9%; Conglomerates (e.g., 0019.HK) shed 5.3%.

Potential movers and shakers:

Positive	-
Neutral	COLI (0688.HK), CR Land (1109.HK), Longfor (0960.HK)
Negative	Anta Sports (2020.HK), Galaxy Entertainment (0027.HK), Li Ning (2331.HK), Sands China (1928.HK), Shenzhou (2313.HK), Xtep (1368.HK)

- **Must-watch events**: Warsh panel appearance with Lagarde (Jul 1), Geely (0175.HK), Xiaomi (1810.HK) Jun Vehicle Sales (Jul 1), EU Trade Deal Deadline (Jul 4), FOMC June Minutes (Jul 8), China Jun CPI/PPI (Jul 9), TSM Jun Monthly Sales (Jul 10), China 2Q GDP, Jun Retail Sales (Jul 15). **Earnings:** None. Details below.

Date	Macro Data	Sector / Company Events
Jun 30	China Jun NBS PMI	China's Top 100 Developer Real Estate Sales (CIRC/CIH)
Jul 1	Warsh panel appearance with Lagarde, China Jun Rating Dog PMI-Mfg	Macau Jun Casino Revenue, Geely (0175.HK), Xiaomi (1810.HK) Jun Vehicle Sales est.
Jul 3	China Jun Rating Dog PMI-Svcs	
Jul 4		EU Trade Deal Deadline
Jul 7	China Jun FX Reserves	
Jul 8	FOMC June Minutes	
Jul 9	China Jun CPI/PPI	Taiwan Jun Exports.
Jul 10		TSM Jun Monthly Sales, China Jun Vehicle Sales
Jul 14	China Jun Exports, China Jun M2 Money Supply, New Yuan Loans, Outstanding Loan Growth, Total Social Financing	
Jul 15	China 2Q GDP, Jun Retail Sales, Industrial Production, Fixed Asset Investment (YTD), Unemployment rate	China Jun House Prices

Southbound Trading Summary (Past 2 Weeks)

(HKD millions)	Ticker	Total Buy	Total Sell	Net Buy (Sell)	% of Total Turnover	Past 2-Week Return	Data
Southbound Total	HSHKI.HK	598,801	594,318	4,483	41%	-7.9%	Full
SMIC	0981.HK	49,967	40,460	9,506	43%	11.7%	Full
YOFC	6869.HK	28,500	28,065	435	48%	10.6%	Full
TENCENT	0700.HK	24,616	31,906	-7,290	24%	-11.2%	Full
BABA-W	9988.HK	17,156	33,497	-16,341	25%	-18.8%	Full
KB LAMINATES	1888.HK	32,909	17,093	15,817	30%	50.2%	Full
KINGBOARD HLDG	0148.HK	29,942	14,240	15,702	36%	41.5%	Full
HUA HONG GRACE	1347.HK	20,799	18,311	2,488	33%	36.1%	Full
KNOWLEDGE ATL	2513.HK	20,166	15,181	4,985	29%	86.5%	Partial
Tracker Fund	02800.HK	12,825	5,348	7,477	16%	-8.0%	Partial
GIGADEVICE	3986.HK	7,775	7,066	709	52%	65.7%	Partial

Source: UOB Kay Hian and iFinD, as of June 26, 2026.

Note: Based on the two-week period from June 15 to June 26, 2026. For Stock Connect Southbound trading, only the top 10 most actively traded securities are disclosed. "Full data" means the stock appeared on the top 10 list for each of the past few trading days. "Partial data" means otherwise.

- **Southbound trading registered a mild net inflow** of HKD 4.5 bn over the past 2 weeks, down from HKD 27.1 bn in the prior period – the weakest reading in over two months. The tepid buying came as the Hang Seng Index dropped 8.7%, against a perfect storm of macro headwinds and earning shocks rattling investor confidence. Mainland investors were not afraid to buy selected stocks on dips, as it seems.
- **The frenzied rotation into semiconductors and the advanced manufacturing supply chain** has now overtaken the Big Tech trade. SMIC (0981.HK) headed the leaderboard with HKD 9.5 bn in net inflows as investors viewed domestic chipmakers as the primary beneficiaries of US-China tech decoupling. The semiconductor fervor spilled across the value chain: Hua Hong Semiconductor (1347.HK) attracted HKD 2.5 bn in net buying; KB Laminates (1888.HK) and Kingboard Holdings (0148.HK) each attracted inflows of HKD 15.8 bn and HKD 15.7 bn respectively, with their shares skyrocketing 50.2% and 41.5%. Knowledge Atlas (2513.HK), a domestic LLM play, was the single best-performing stock on the southbound roster – soaring 86.5%. The Tracker Fund (02800.HK) also saw net inflows of HKD 7.5 bn, indicating notable interest by mainland investors in the broader market.
- **Flight from Big Tech names:** Alibaba (9988.HK) suffered a staggering HKD 16.3 bn in net outflows, the largest single-stock southbound outflow on record. Tencent (0700.HK) also saw heavy net outflows of HKD 7.3 bn, reversing the post-earnings optimism that had driven strong inflows in the prior period. The rotation out of internet into semiconductors signals a possible inflection: mainland investors no longer view Big Tech as their default HK allocation but instead pivot towards hardware names at the heart of the US-China AI race.

Best 3 Hang Seng Sectors (Past 2 Weeks)

Hang Seng Sector Index	Past 2-Week Return	YTD Return	Stock Drivers Past 2-Weeks
Health Care	-2.6%	-16.8%	Wuxi Apptec Co.,Ltd. (2359.HK) +16.1%, Beone Medicines Ltd. (6160.HK) +3.9%, Wuxi Xdc Cayman Inc. (2268.HK) +13.9%
Industrials	-4.9%	15.6%	Kingboard Laminates Holdings Ltd. (1888.HK) +22.9%, Kingboard Holdings Limited (0148.HK) +25.6%, Central New Energy Holding Group Limited (1735.HK) +1%
Conglomerates	-5.3%	15.7%	Shanghai Industrial Holdings Ltd. (0363.HK) -9.6%, Swire Pacific Ltd. (0019.HK) -0.7%, Fosun International Ltd. (0656.HK) -4.7%

Source: UOB Kay Hian and iFinD, as of June 26, 2026.

- **Health Care was an outperformer,** despite a modest overall 2.6% decline over the past two weeks. The relative resilience was driven by a sharp rebound in select CXO (contract research and manufacturing) names that had been deeply oversold previously. WuXi AppTec (2359.HK) surged 16.1% and WuXi XDC (2268.HK) rallied 13.9%, likely due to bargain hunting and short-covering post US-China biotech tensions. BeiGene (6160.HK) also edged up 3.9%. Despite this relative outperformance, the sector's YTD return remains deeply negative at -16.8%, reflecting the structural overhang of geopolitical risks on the China biotech complex.
- **Industrials fell 4.9%** on the back of momentum in electronics supply chains and advanced manufacturing names. Kingboard Holdings (0148.HK) gained 25.6% and Kingboard Laminates (1888.HK) surged 22.9%, as investors continued to pile into PCB and laminate suppliers. These stocks have emerged as the strongest momentum trade in the Hong Kong market, with southbound investors leading the charge.
- **Conglomerates rounded out the top three with a 5.3% decline** as the sector's diversified revenue streams and relatively robust balance sheets offered a defensive shelter. Swire Pacific (0019.HK) was nearly flat at -0.7%. The YTD return remains healthy at 15.7% for investors seeking shelter in a risk-off environment.

Worst 3 Hang Seng Sectors (Past 2 Weeks)

Hang Seng Sector Index	Past 2-Week Return	YTD Return	Stock Drivers Past 2-Weeks
Energy	-11.3%	-1.6%	Petrochina Company Limited (0857.HK) -9.4%, Cnooc Limited (0883.HK) -13.8%, China Shenhua Energy Company Limited (1088.HK) -5.7%
Consumer Discretionary	-14.7%	-30.0%	Alibaba Group Holding Limited (9988.HK) -18.1%, Byd Company Limited (1211.HK) -15.1%, Meituan (3690.HK) -17.9%
Materials	-20.5%	-26.5%	Zijin Mining Group Company Limited (2899.HK) -18.2%, Cmoc Group Limited (3993.HK) -23.8%, Zijin Gold International Company Limited (2259.HK) -22.8%

Source: UOB Kay Hian and iFinD, as of June 26, 2026.

- **Energy slumped 11.3%** as oil price declines accelerated amid the US-Iran negotiations. CNOOC (0883.HK) tumbled 13.8%, bearing the brunt of the crude price correction. PetroChina (0857.HK) fell 9.4%, and China Shenhua (1088.HK) declined 5.75%. The sector's YTD return has now slipped into negative territory at -1.6%. **We maintain PetroChina as a Core Recommendation** on its strong SOE moat and attractive dividend yield.
- **Consumer Discretionary fell 14.7%,** extending its YTD loss to 30.0%. The sell-off was broad-based and unsparing. Alibaba (9988.HK) led the decline with an 18.1% retreat, hit by a perfect storm of record southbound outflows and deepening investor skepticism over the return on its AI investments. Meituan (3690.HK) tumbled 17.9% before the summer peak season of subsidy war. BYD (1211.HK) fell 15.1% amid intensified EV price wars and weakening consumer sentiment.
- **Materials suffered a 20.5% collapse,** making it the worst-performing sector over the past two weeks. The carnage was led by a notable unwinding of precious metal names, as a sharp strengthening of the USD and a hawkish US Fed sparked a correction in commodity prices. CMOC Group (3993.HK) cratered 23.8%, Zijin Gold (2259.HK) tumbled 22.8%, and Zijin Mining (2899.HK) plunged 18.2%. The panic-selling suggests possible forced deleveraging and capitulation by momentum-driven investors.

Stocks: Potential Movers and Shakers

Stock	Sector	Type of Events	Our Take
CR Land (1109.HK) COLI (0688.HK) Longfor (0960.HK)	**Real Estate**	**Macro / Industry Data**	**Neutral**

- **New-home sales in 19 major cities** rose 2% yoy but declined 1% mom in June 2026, with sales momentum weakening in late June. Average daily new-home sales in Tier 1/2/3 cities changed by +4%, -10%, and +16% yoy, respectively, while growth across all tiers moderated after mid-month. Among Tier-1 cities, Beijing, Shanghai, Guangzhou, and Shenzhen recorded yoy sales changes of -7%, +4%, -13%, and +84%, respectively.
- **Resales in core cities continued to post strong sales growth,** even though overall price trends remained on a downward trajectory. Average daily sales of second-hand homes in three Tier-1 cities and nine Tier-2 cities rose 13% and 4% yoy, respectively. Beijing, Shanghai, and Shenzhen saw their average daily second-hand home sales up 5%, 19%, and 12% yoy, respectively, in June.
- **According to the ICE Index update on 28 June**, average listing prices of second-hand homes in 100 major cities fell 0.1% wow, 0.4% mom. Among the four Tier-1 cities, the listing price index of Beijing, Shanghai, Guangzhou, Shenzhen fell by 0.1%, 0.0%, 0.1%, and 0.1% wow; and by -0.5%, +0.3%, -0.2%, and -0.1% mom, and by -2.0%, +1.4%, -2.3%, and -0.7% YTD respectively. Shanghai continues to lead in second-hand home listing prices.
- **Maintain UNDERWEIGHT on China's property sector.** We think that the recent stabilisation in the property markets of Tier-1 cities remains policy-driven. It is still a bit too early to assess if the market has already reached a definitive bottom. The unchanged five-year loan prime rates and continued tight fiscal policy for the property sector reinforce expectations that no additional broad-based policy easing is likely in the near term. *(Liu Jieqi / Damon Shen).*

Stock	Sector	Type of Events	Our Take
Galaxy Entertainment (0027.HK) Sands China (1928.HK)	**Consumer Discretionary**	**Macro / Industry Data**	**Negative**

- **Macau visitations slightly lower.** Macau welcomed approx. 380,000 visitor arrivals during the Dragon Boat Festival holiday, representing a 2.5% yoy decline.
- **Maintain OVERWEIGHT.** Our preferred stocks include Mengniu, Midea, Yili and Yum China. *(Stella Guo/Ejann Hiew)*

Stock	Sector	Type of Events	Our Take
Anta Sports (2020.HK) Li Ning (2331 HK) Xtep (1368.HK) Shenzhou (2313.HK)	**Consumer Discretionary**	**Earnings**	**Negative**

- **Negative read from Topsports' 1QFY2026/2027 updates.** Topsports' 1QFY2026/2027 total sales of retail and wholesale operations registered a yoy decline in the low teens.
- **Management's observations**. Overall industry sales pressure increased sequentially in 2Q2026 compared with 1Q2026, with demand weakening and marked by highly promotional offerings. Sales trends have deteriorated further from June 2026, slightly lagging that of 1QFY2026/2027 and falling short of internal expectations. The management has adopted a cautious outlook for 3Q2026.
- **We expect this to trigger a negative read across on China sportswear names** in their 2Q2026 sales performance and full-year outlook commentary. China sportswear companies are scheduled to report 2Q2026 operational results in mid-July. (*Stella Guo/Ejann Hiew)*

Type of Events	**Explanation**
Channel Checks	Industry-wide or supply chain news with implications to a particular sector or company
Corporate Action	Dividends, special dividends, stock splits, share buybacks, equity / bond financing, M&As, spin-offs and restructuring etc.
Earnings	Quarterly earnings for US-listed companies. Semi-annual earnings for Hong Kong-listed companies
Insider Dealing	Company insiders' buying / selling of stocks and derivatives of the company
Investor Action	Lead investor buying / selling including activist investor actions
Investor Roadshow	Deal and non-deal roadshows, reverse roadshows (analyst days), and company meetings at investment conferences
Legal / Regulatory	Lawsuits, legislature/regulation changes, other regulatory events
Macro / Industry Data	Regular economic or industry data related to the sector or stock
Sales / Products	Sales or product related news, such as monthly sales or new product launches
Public Event	Public speeches and appearances by companies in the media or industry conferences

Appendix – China Stock Model Portfolio

UOBKayHian Private Wealth Management

China Stock Model Portfolio - Core Recommendations and Trading Buys **26 Jun 2026**

Name	Ticker	Sector	Type of Recommendation	Current Price	Position Weight (%)	Forward PE	1D Return (%)	1W Return (%)	MTD Return (%)	QTD Return (%)	YTD Return (%)	1Y Return (%)	Inception Return (%)
China Mobile Ltd-H	941 HK	Communication Services	Core Recomm	77.40	7.4	10.7	-0.3	-3.4	-6.3	0.8	-2.4	-5.3	-
Chinaamc Etf Series - Ch-Hkd	3188 HK	Financials	Trading Buy	58.52	6.1	NA	-2.7	-1.8	-1.3	10.9	9.8	32.0	-
Tencent Holdings Ltd	700 HK	Communication Services	Core Recomm	411.80	5.5	11.2	-2.3	-6.5	-3.6	-13.9	-30.5	-18.8	-
Contemporary Amperex Techn-A	300750 C2	Industrials	Core Recomm	381.00	5.5	16.4	-5.2	-3.1	-10.5	-2.2	9.1	61.8	-
Bosera Csoe Hidv Etf	3437 HK	NA	Trading Buy	9.27	5.2	NA	-1.2	-3.7	-11.1	-10.9	-3.4	6.3	-
Petrochina Co Ltd-H	857 HK	Energy	Core Recomm	8.78	5.1	7.7	0.6	-4.4	-16.8	-15.7	8.1	37.9	-
Taiwan Semiconductor-Sp Adr	TSM US	Information Technology	Core Recomm	432.35	4.8	24.7	-0.6	-6.4	3.6	28.2	44.1	94.9	-
Montage Technology Co Ltd-A	688008 C1	Information Technology	Trading Buy	261.82	4.1	71.9	-6.2	-3.4	3.0	112.0	130.2	246.0	-
Gigadevice Semiconductor I-H	3986 HK	Information Technology	Trading Buy	1,083.00	4.0	NA	-2.3	15.3	46.4	216.4	0.0	0.0	-
Trip.Com Group Ltd	9961 HK	Consumer Discretionary	Core Recomm	305.20	4.0	9.7	-3.1	-15.0	-17.2	-19.9	-44.9	-34.2	-
Alibaba Group Holding Ltd	9988 HK	Consumer Discretionary	Core Recomm	89.50	3.8	13.1	-5.8	-14.7	-25.3	-24.1	-36.8	-19.5	-
Geely Automobile Holdings Lt	175 HK	Consumer Discretionary	Core Recomm	17.06	3.7	6.7	-0.9	-8.2	-7.0	-16.3	-2.2	9.5	-
Galaxy Entertainment Group L	27 HK	Consumer Discretionary	Core Recomm	29.20	3.3	11.0	-1.9	-3.0	-6.8	-14.5	-21.9	-14.6	-
Zijin Mining Group Co Ltd-H	2899 HK	Materials	Trading Buy	27.46	2.9	7.3	-2.1	-14.4	-15.0	-18.9	-21.9	42.7	-
Xiaomi Corp-Class B	1810 HK	Information Technology	Trading Buy	21.42	2.5	14.0	-3.9	-12.9	-23.6	-32.6	-45.5	-62.4	-
Cnooc Ltd-H	883 HK	Energy	Trading Buy	20.86	2.4	5.3	-1.7	-6.8	-19.2	-23.8	0.1	23.6	-
Weichai Power Co Ltd-A	000338 C2	Industrials	Trading Buy	27.95	2.2	15.2	-3.5	-7.5	-21.2	17.0	68.3	98.0	-
Haier Smart Home Co Ltd-H	6690 HK	Consumer Discretionary	Core Recomm	19.70	1.7	7.5	-1.5	-3.3	0.0	-4.9	-18.9	-10.0	-
Hsbc Holdings Plc	5 HK	Financials	Core Recomm	147.70	1.0	10.8	-0.4	-0.9	1.8	18.1	24.7	62.3	-
ISHARES MSCI CHINA ETF	MCHI US	NA	Trading Buy	50.48	0.5	NA	-0.6	-4.3	-7.7	-9.5	-14.8	-7.5	31.0
Cash (USD equivalent)	CASH				24.5								
TOTAL					100.0	15.5	-1.8	-4.2	-10.0	-3.8	-8.0	-1.0	22.9

Note: "Core Recommendations" refer to our high conviction, best-of-the-best stock picks, with a minimum one-year investment horizon. "Trading Buys" are medium-conviction, short-term trading ideas. "Return" refers to HKD total return including dividends but excluding transaction costs. Inception date is 31 December 2023. For more information, please contact garrick.li@uobkh.com

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