

Major Market Indicators

	30 May	29 May	28 May
Mkt. Turn.(mn)	125,500	123,200	97,800
Stock Advances	562	503	711
Stock Declines	1,033	1,110	926
HSI	18,230	18,477	18,821
Change	-247	-344	-6

HSI Technical Indicators

10-days MA	18,944
50-days MA	17,602
250-days MA	17,622
14-days RSI	65.41
Primary resistance	18,400
Primary support	18,000

HSCEI Technical Indicators

10-days MA	6,724
50-days MA	6,211
250-days MA	6,057
14-days RSI	53.87
Primary resistance	6,600
Primary support	6,200

Stock Pick
Haier (6690)
Target: \$35
Stop loss: \$27

The Company achieved revenue of RMB68.978bn, net profit attributable to shareholders of the listed company of RMB4.773bn, representing an increase of 6.01%, and 20.16% respectively in 1Q24. In the domestic market, the Company continues to have mix upgrade and high-end share gains. The Overall GPM in 1Q24 reached 29.0%, up 0.3 ppts compared to the same period in 2023. Overall, the signals of improvement in the manufacturing industry, substantial infrastructure investment, and a modest rebound in consumption collectively bolstered the economic aggregate in China. Policies such as the trade-in of consumer goods will continue to be the engine of economic growth this year. It provides catalyst for the consumer goods sector. Haier Smart Home can be benefitted.

BOC (3988)
Target: \$4.2
Stop loss: \$3.3

The group's fundamentals are superior to those of its peers. Net interest income in 2023 was Rmb466.5bn, a YoY increase of 1.58%. The group's net interest margin was 1.59%, a YoY decrease of 16bps, but the decline in interest margin was smaller than that of its peers; PPOP reached Rmb401.2bn, an annual increase of 3.7%; net profit was Rmb231.9bn, exceeding market expectations and higher than the same period last year. Growth of 2.4% was higher than the 1.8% average annual growth for large banks in 2023. Overall, Bank of China's fundamentals are better than those of its peers. In 2023, its revenue growth rank first among the six major state-owned banks. In addition, the dividend rate is above 6%, which is attractive for long term investment.

HKEX (388)
Target: \$310
Stop loss: \$260

Recent initiatives announced by the China Securities Regulatory Commission, such as the expansion of eligible ETFs and the inclusion of Real Estate Investment Trusts in Stock Connect, the addition of RMB-denominated stocks in Southbound Stock Connect, as well as supporting leading Mainland companies to list in Hong Kong. Although these measures may not have a great impact in the short term, there maybe stimulating effect on the average daily trading volume when the market sentiment further improves.

Market Overview

The U.S. economic growth in the first quarter was lower than previously expected, with domestic GDP growing at an annualized rate of only 1.3%, lower than the 1.6% previously expected, and significantly lower than the 3.4% growth rate in the fourth quarter of 2023. Shortly after the data was released, Federal Reserve John Williams gave a speech in which he dismissed concerns about a rate cut, saying that the current level of monetary policy was suppressing the economy.

Hong Kong Stock Connect had a net inflow of HK4.4bn on Thursday, of which Tencent (700) had the largest net inflow, reaching HK\$0.83bn; followed by ICBC (1398). Tracker Fund (2800) recorded the largest net outflow at HK\$0.13bn, followed by Meituan (3690).

Daily Focus

Haier (6690): benefit from product mix upgrade

- The Company achieved revenue of RMB68.978bn, net profit attributable to shareholders of the listed company of RMB4.773bn, representing an increase of 6.01%, and 20.16% respectively in 1Q24.
- In the domestic market, the Company continues to have mix upgrade and high-end share gains. During the period, the Company's retail sales share in units priced above RMB 10,000 increased 2.2 pts reaching 53.2%.
- In terms of overseas market, its revenue grew by 4%, with a double-digit increase in operating profit. The Overall GPM in 1Q24 reached 29.0%, up 0.3 pts compared to the same period in 2023. In particular, benefiting from digital changes in procurement and R&D, the construction of digital production and marketing synergy system, and the improvement of product mix, gross margin from domestic market has increased yoy. The annual increase of GPM from overseas market was driven by continuous optimization of product mix and enhancement of capacity utilization rate.
- Overall, the signals of improvement in the manufacturing industry, substantial infrastructure investment, and a modest rebound in consumption collectively bolstered the economic aggregate in China. Policies such as the trade-in of consumer goods will continue to be the engine of economic growth this year. It provides catalyst for the consumer goods sector. Haier Smart Home can be benefitted.

Haier (6690): Info	
Closed price	29.2
FY24 P/E (X)	13.26
FY24 Dividend yield (%)	3.62
52 week high	32.0
52 week low	20.1
14 RSI	52.6

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	55.68	53.62	77.42
Balance as % of Quota Amount	17.5	13.3	92.2

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TRACKER FUND	2800	10,270,145	1,378,509,180	1,388,779,325
TENCENT	700	848,197,040	381,174,340	1,229,371,380
ICBC	1398	871,908,960	195,891,280	1,067,800,240
CNOOC	883	637,840,550	412,205,950	1,050,046,500
CCB	939	528,602,790	358,724,560	887,327,350
MEITUAN-W	3690	483,426,480	337,715,584	821,142,064
CHINA MOBILE	941	312,968,100	502,267,200	815,235,300
SMIC	981	486,344,350	320,689,790	807,034,140
BANK OF CHINA	3988	501,291,710	130,292,391	631,584,101
XIAOMI-W	1810	413,788,404	189,555,552	603,343,956

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	961,734,320	595,406,706	1,557,141,026
MEITUAN-W	3690	282,779,870	521,333,692	804,113,562
XIAOMI-W	1810	302,017,772	354,542,084	656,559,856
SMIC	981	237,182,580	330,947,267	568,129,847
CHINA MOBILE	941	446,661,100	37,022,762	483,683,862
CNOOC	883	287,113,700	180,197,250	467,310,950
GCL TECH	3800	232,747,870	164,710,730	397,458,600
CHINA LONGYUAN	916	279,094,140	82,525,520	361,619,660
PETROCHINA	857	269,748,440	33,159,340	302,907,780
CHINAHONGQIAO	1378	188,868,860	107,974,430	296,843,290

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.34%	18.46	8.982
TENCENT	700	-0.81%	368.00	8.119
MEITUAN-W	3690	-3.37%	108.90	5.402
BABA-SW	9988	-0.65%	76.30	3.539
CCB	939	-1.58%	5.60	2.961
HSCEI ETF	2828	-1.50%	65.52	2.723
HKEX	388	-2.88%	263.40	2.532
BANK OF CHINA	3988	-1.85%	3.71	2.089
ICBC	1398	-1.76%	4.47	1.948
XIAOMI-W	1810	-0.45%	17.70	1.870

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.14B	3.03B	37.60%
TENCENT	00700.HK	568.30M	4.30B	13.20%
HSCEI ETF	02828.HK	350.62M	1.39B	25.26%
CCB	00939.HK	316.08M	1.29B	24.57%
MEITUAN-W	03690.HK	279.28M	1.89B	14.79%
BYD COMPANY	01211.HK	244.57M	1.12B	21.91%
ABC	01288.HK	242.21M	631.40M	38.36%
BANK OF CHINA	03988.HK	230.33M	805.02M	28.61%
ICBC	01398.HK	222.40M	961.82M	23.12%
XL2CSOPHSTECH	07226.HK	211.26M	450.02M	46.95%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (Memorial Day)		Mon
	China	Apr. Industrial Prodit YTD (YoY)		3.45%
	Hong Kong	CSPC Pharm(1093) Result		
Tue	US	May. Conference Board Consumer Confidence	96.0	Tue
	Hong Kong	Alibaba Health (241) Result		17.9b
Wed	Hong Kong	Link (823) Result		Wed
Thu	US	Initial Jobless Claims (Till May 25)		Thu
		Continuing Jobless Claims (Till May 18)		
		1Q. GDP Annualized (QoQ) (Semi)	1.2%	222k
		Apr. Pending Home Sales (MoM)	0.3%	1,794k
		U.S. Federal Reserve Releases Beige Book		50.0
Fri	US	Apr. Personal Income	0.3%	Fri
		Apr. Personal Spending	0.3%	
		Apr. PCE Core Deflator (MoM)	0.3%	
		Apr. PCE Core Deflator (YoY)	2.8%	
		Costco (COST) Result		
		Euro Zone	May. CPI Core (YoY)	2.8%
China	China	May. Manufacturing PMI		
		May. Non-manufacturing PMI		693k

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