

Major Market Indicators

	4 Jun	3 Jun	31 May
Mkt. Turn.(mn)	116,200	132,300	191,800
Stock Advances	947	904	745
Stock Declines	673	756	913
HSI	18,444	18,403	18,080
Change	+41	+323	-151

HSI Technical Indicators

10-days MA	18,596
50-days MA	17,700
250-days MA	17,616
14-days RSI	54.74
Primary resistance	18,600
Primary support	18,200

HSCEI Technical Indicators

10-days MA	6,600
50-days MA	6,252
250-days MA	6,058
14-days RSI	45.87
Primary resistance	6,800
Primary support	6,400

Stock Pick
Trip.com (9961)
Target: \$480
Stop loss: \$394

At the beginning of the year, a survey was conducted to gather data on when Chinese residents plan to travel this year. The results showed that the majority of residents chose the summer vacation as their preferred travel period. To recap, Trip.com's 1Q24 revenue and profit both beat expectations. Net revenue was RMB 11.9bn, a yoy increase of 29%. Adjusted EBITDA was RMB4bn, compared with RMB2.8bn in 1Q23, and compared with RMB2.9bn in 4Q23. Adjusted EBITDA margin was 33%, compared with 31% in 1Q23, and compared with 28% in 4Q23. As the summer vacation is approaching, tourism sector may outperform the market.

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

U.S. job openings fell to their lowest level in more than three years in April, consistent with a gradual slowdown in the labor market. The Job Openings and Labor Turnover Survey (JOLTS) released by the Bureau of Labor Statistics on Tuesday showed that the number of available positions fell to 8.06 million from a downwardly revised 8.36 million last month. The figure was lower than all estimates by economists surveyed by Bloomberg.

Hong Kong Stock Connect had a net inflow of HK\$8.82bn on Wednesday, of which China Mobile (941) had the largest net inflow, reaching HK\$1.0bn; followed by Yankuang (1171). MMG (1208) recorded the largest net outflow at HK\$0.17bn, followed by Li Auto (2015).

Daily Focus

Meituan (3690): expects 1Q24 revenue to grow by 17.7%

- The market expects total revenue in the first quarter to increase by 17.7% yoy to RMB68.9bn, and adjusted net profit to increase by 5.3% yoy to RMB5.8bn.
- The market expects local core business revenue to be RMB50.74bn, an increase of 18.3% yoy, and operating profit is expected to be RMB8.44bn, an increase of 10.6% yoy. The market expects new business to increase by 15.8% yoy to RMB18.22bn, with an estimated operating loss of RMB3.23bn.
- Meituan stated that it will make strategic adjustments to new businesses this year, improve its business model, and aim to significantly reduce operating losses. It plans to increase product mark-up ratio, reduce subsidies, and focus on the long-term growth of natural retention rate.
- For the coming result announcement, the market will keep an eye on management's guidance for 2Q24, customer demand for core local services, competitive landscape, new business loss reduction progress, and its overseas expansion plans, etc..

Meituan (3690): Info	
Closed price	113.5
FY24 P/E (X)	20.64
FY24 Dividend yield (%)	0.00
52 week high	150
52 week low	61.1
14 RSI	50.1

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	59.63	56.90	72.88
Balance as % of Quota Amount	18.3	13.5	86.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,486,277,850	1,133,344,153	2,619,622,003
TENCENT	700	805,572,820	392,171,340	1,197,744,160
CHINA MOBILE	941	763,400,575	364,915,250	1,128,315,825
CCB	939	438,776,170	492,413,340	931,189,510
YANKUANG ENERGY	1171	780,960,480	129,867,180	910,827,660
ICBC	1398	388,918,080	403,437,300	792,355,380
BANK OF CHINA	3988	473,029,860	162,449,030	635,478,890
MEITUAN-W	3690	300,308,010	325,778,185	626,086,195
CHINAHONGQIAO	1378	435,682,760	92,461,480	528,144,240
AKESO	9926	238,213,000	239,028,737	477,241,737

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
YANKUANG ENERGY	1171	937,476,760	591,849,040	1,529,325,800
CNOOC	883	699,554,700	712,704,726	1,412,259,426
TENCENT	700	808,827,280	314,409,760	1,123,237,040
CHINA MOBILE	941	753,786,750	141,198,625	894,985,375
MEITUAN-W	3690	411,110,260	226,434,984	637,545,244
PETROCHINA	857	416,857,480	126,483,449	543,340,929
MMG	1208	118,549,440	297,780,117	416,329,557
CHINA SHENHUA	1088	360,353,350	39,708,400	400,061,750
XIAOMI-W	1810	266,398,396	89,140,052	355,538,448
LI AUTO-W	2015	88,617,415	219,961,029	308,578,444

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.64%	377.40	6.808
HSCEI ETF	2828	0.70%	66.66	6.352
TRACKER FUND	2800	0.22%	18.66	4.743
MEITUAN-W	3690	4.13%	113.50	4.140
CNOOC	883	-1.90%	20.65	3.809
YANKUANG ENERGY	1171	-9.12%	17.54	3.575
BABA-SW	9988	-0.33%	76.40	2.327
CCB	939	-0.18%	5.61	2.234
CHINA MOBILE	941	0.07%	76.25	2.178
CSOP HS TECH	3033	-0.11%	3.73	1.990

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
YANKUANG ENERGY	01171.HK	1.14B	2.46B	46.42%
TENCENT	00700.HK	786.13M	3.49B	22.54%
CCB	00939.HK	329.36M	1.09B	30.21%
MEITUAN-W	03690.HK	327.51M	2.13B	15.41%
ICBC	01398.HK	300.39M	877.81M	34.22%
TRACKER FUND	02800.HK	219.32M	2.74B	8.00%
HSCEI ETF	02828.HK	201.07M	4.83B	4.17%
PING AN	02318.HK	198.01M	736.19M	26.90%
BANK OF CHINA	03988.HK	190.67M	615.09M	31.00%
CNOOC	00883.HK	178.00M	2.41B	7.39%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior	
Mon	US	May. ISM Manufacturing	49.7	49.2	
	China	May. Caixin Manufacturing PMI	51.6	51.4	
Tue	US	Apr. JOLTS Job Openings	8,300k	8,488k	
		Apr. Factory Orders	0.7%	0.8%	
		Apr. Durable Goods Orders	0.7%	0.7%	
Wed	US	May. ADP Employment Change	175k	192k	
		May. ISM Services Index	51.0	49.4	
Thu	China	May. Caixin Services PMI	52.6	52.5	
		US	Initial Jobless Claims (Till Jun 1)		219k
			Continuing Jobless Claims (Till May 25)		1,791k
		Apr. Trade Balance	-\$69.8b	-\$69.4b	
	Euro Zone	ECB Monetary Policy Meeting			
	Hong Kong	Meituan (3690), NIO Inc (9866) Results			
Fri	US	May. Change in Nonfarm Payrolls	180k	175k	
		May. Unemployment Rate	3.9%	3.9%	
		May. Average Hourly Earnings (MoM)	0.3%	0.2%	
	Euro Zone	1Q. GDP SA (YoY) Final	0.4%	0.4%	
	China	May. Trade Balance		\$72.35b	
		May. Exports (YoY)		1.5%	
		May. Imports (YoY)		8.4%	

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