

MARKET OVERVIEW

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Hong Kong stocks surged driven by progress on the bill to raise the US debt ceiling and increasing hopes that the Federal Reserve might not raise interest rate in its next meeting. Tech and China property sector outperformed. The Hang Seng Index advanced 733pts to 18,949pts with a daily turnover of HKD149.1b. This week, market eyes on China economic data, including May Caixin Services and Composite PMI (Mon), May trading data (Wed) and inflation data (Fri). Last Friday, the index gained breaking through 10-day SMA with an increase in turnover is a good sign, yet, it is too early to say that the index inverted the previous weak trend unless it can trade and stay above its Bollinger Band mid-level (i.e. c.19,400pts).

SECTOR / COMPANY NEWS

Macau Gaming - Decent Gross Gaming Revenue Growth

According to DICJ, Macau recorded gross gaming revenue (GGR) of MOP15.57b (+365% YoY), which rose sequentially for the third consecutive month. The growth in GGR was driven by Labour Day Holiday, which attracted c.492k visitor arrivals during the period. In 1Q23, mass gaming revenue recovered to c.67% of pre-Covid level, while VIP segment returned to c.23% of pre-Covid level. Market currently estimates 2023 gaming revenue is able to jump >300% YoY, followed by another 25-30% increase in 2024. We maintain our positive view on the sector with upcoming catalysts of better-than-expected GGR and Galaxy Ent. new casino grand opening.

Related stocks:

- *MGM China (2282 HK, R1: HKD11.00, R2: HKD12.50, TECHNICAL ACCUMULATE)*
- *Sands China (1928 HK, TP: HKD35.28, Buys: 95.5, Not Rated)*

China NEV - Individual Companies Had Record High Sales

EV retail sales volume reached 525k units in April 2023 (+86% YoY) with 32.3% penetration rate (vs. 4M23 of 31.2%). According to CPCA, demand for NEV was strong during the first two weeks of May. Some individual companies reported monthly record sales in May. Of which, Li Auto-W (2015 HK) outperformed with sales volume growth of 146% YoY to c.28.2k units, driven by the ramp-up of L7, while, BYD Co. (1211 HK) May sales volume with new energy vehicles of 240k (+97.6% YoY), of which, battery vehicle and plug-in hybrid electric vehicle amounted to c.119.6k (+92.3% YoY) and c.119.4k (+102.8% YoY), respectively.

Related stocks:

- *BYD Co. (1211 HK, TP: HKD345.98, Buys: 94.6, Not Rated)*
- *Li Auto-W (2015 HK, TP: HKD149.95, Buys: 96.8, Not Rated)*

AIA (1299 HK, TP: HKD104.56, Buys: 95.0%, Not Rated)

AIA had repurchased 1.74m shares at HKD75.2-76.5 per share, involving c.HKD132m. Since the passing of the ordinary resolution on 18 May, AIA has repurchased a total of 17m shares, representing 0.1466% of its share capital. Technically, AIA price experienced "Double Bottom Pattern" in mid-March and last week; with the bullish signs from RSI and MACD, we expect its share price to rebound in the near term.

UPCOMING CALENDAR

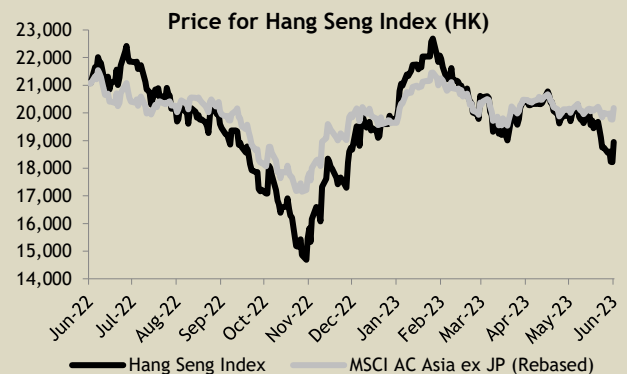
- 5 June:** China May Caixin Services PMI, Caixin Composite PMI
- 7 June:** China May Balance of Trade, exports, imports YoY

Geely Auto (175 HK)

TP: HKD14.63, Buys: 87.8%,
Not Rated

IDEAS OF THE DAY

The Geely Galaxy L7 plug-in hybrid SUV launched in China, becoming the first model of the new series. It has three screens inside, 390 hp, 115 km of electric range, and a starting price of RMB138.7k. As for its model line, it will comprise seven models in 2025, including sedans and SUVs. This year, two Galaxy series vehicles will hit the Chinese market. And its first car appeared to be the Geely Galaxy L7. Market considers the Geely Galaxy L7 is a quite affordable SUV with an efficient PHEV powertrain. It will rival the bestselling BYD Song series.



Source: FactSet

Equity Indices	Last Close	Weekly Δ (%)	YTD Δ (%)	52-wk Low	52-wk High
HSI	18,950	1.1%	-4.20%	14,597	22,701
Dow Jones	33,763	2.0%	1.9%	28,661	34,712
S&P500	4,282	1.8%	11.5%	3,492	4,325
Nasdaq	13,241	2.0%	26.5%	10,089	13,256
Nikkei 225	31,524	2.0%	20.8%	25,520	31,560
KLCI	1,381	-1.55%	-7.64%	1,373	1,538
SH Comp	3,230	0.5%	4.6%	2,885	3,425
Kospi	2,601	1.7%	16.3%	2,135	2,682
TWSE	16,707	1.2%	18.2%	12,629	16,752
STI	3,166	-1.29%	-2.61%	2,969	3,408
JKSE	6,633	-1.67%	-3.17%	6,543	7,377
SET	1,531	0.0%	-8.24%	1,491	1,696

Source: FactSet

Note: Bloomberg consensus target price as of last trading day

1. (CHINA – HKEX) GEELY AUTOMOBILE HOLDINGS LT (175 HK)



Geely Automobile Holdings Limited manufactures automobiles. The Company develops, produces, and sells passenger vehicles. Geely Automobile Holdings also exports vehicles.

52w H	52w L	Estimates
HKD19.20	HKD8.30	P/E 15.82

Source: Bloomberg

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