

## MARKET OVERVIEW

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Hong Kong stocks experienced directionless, with the rally in China property sector, yet, offset by the weak performance in tech names. China property gained after rumor said the Chinese regulatory authorities are discussing a package of measures to further support the physical market. The Hang Seng Index was slightly down 9pts to 19,099pts with a daily turnover of HKD102.4b. Today, a series of China trading data, including balance of trade, export YoY, import YoY, will be released.

## SECTOR / COMPANY NEWS

### Hong Kong Property - Divergent Performance

We witness there were divergent performance on Hong Kong property segment, with retail segment outperformed on the back of visitation and consumption sentiment recovery, while office segment remained weak on high vacancy rate.

According to Census and Statistics Department, the value of Hong Kong total retail sales in April increased by 15% YoY to c. HKD34.7b. The growth was the result of improved consumer sentiment, the progressive rise in the number of visitors entering the municipality and low base effect. Government spokesperson expects looking ahead, the revival of inbound tourism and local consumption demand should continue to help the retail sector performance. The disbursement of consumption vouchers will provide further support.

On the other hand, Hong Kong office are with high vacancy rate. According to Bloomberg, Cheung Kong Center is c.25% vacant, while the Henderson building under construction is just c.30% leased. It is stated that western banks have been cutting space as deal making slows. On the other hand, Moody's expects Hong Kong office rental income will drop by c.3-4% YoY in the upcoming 12-18 months, due to capital market fluctuations and weak global economic and trade. In addition, an increase in new supply of Grade A office space this year will further put pressure on high vacancy situation and rental increment.

Our pecking order on Hong Kong property sector: retail > residential > office.

#### Related stocks:

- Hysan Dev (14 HK, TP: HKD28.73, Buys: 84.6%, Not Rated)
- SHK PPT (16 HK, TP: HKD123.73, Buys: 76.5%, Not Rated)
- Wharf REIC (1997 HK, TP: HKD49.21, Buys: 63.2%, Not Rated)

### Trip.com-S (9961 HK, TP: HKD368.03, Buys: 96.2%, Not Rated)

Trip.com is going to release its 1Q23 results on 8 Jun. According to Bloomberg, market expects the company to record 96% YoY increase in revenue to RMB8.05b and non-GAAP net income of 1.25b (vs. 1Q22 non-GAAP net loss of RMB149m). Market remains bullish on travel related players after positive guidance for robust revenue per available room (RevPAR) of HWorld-S (1179 HK) signaling growing demand in domestic tourism, backed by pent-up demand.

## UPCOMING CALENDAR

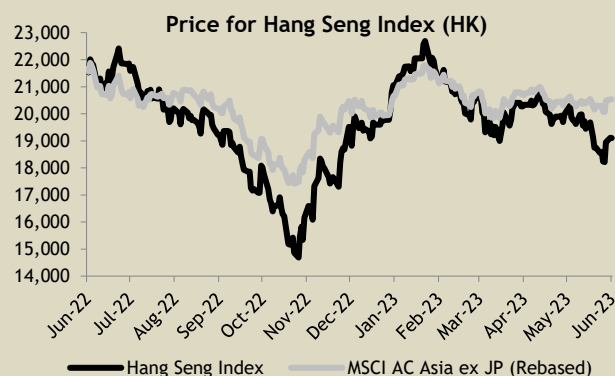
- 7 June:** China May balance of trade, export YoY, import YoY  
**8 June:** Chow Tai Fook (1929 HK), Trip.com-S (9961 HK) results  
**9 June:** China May CPI YoY, PPI YoY

### CR Land (1109 HK)

TP: HKD46.13, Buys:  
100.0%, Not Rated

**IDEAS OF  
THE DAY**

CR Land's April gross contracted sales amounted to RMB33.01b (+119.2% YoY) with contracted GFA of 1.24m sq.m. (+69.2% YoY). In 4M23, its aggregated gross contracted sales achieved c.RMB112.03b (+83.6% YoY) with contracted GFA of c.4.631m sq.m. (+44.7% YoY), outperforming the industry average growth. Its rental income grew by 39.2% YoY to RMB1.97b in April. With strong YTD progress, its management are confident that CR Land can achieve its full-year sales targets of positive growth, >20% rental income growth and positive core earnings growth.



Source: FactSet

Equity Indices	Last Close	Weekly Δ (%)	YTD Δ (%)	52-wk Low	52-wk High
HSI	19,099	2.7%	-3.45%	14,597	22,701
Dow Jones	33,573	1.6%	1.3%	28,661	34,712
S&P500	4,284	1.9%	11.6%	3,492	4,325
Nasdaq	13,276	2.0%	26.8%	10,089	13,331
Nikkei 225	32,507	3.8%	24.6%	25,520	32,534
KLCI	1,383	-0.98%	-7.51%	1,373	1,538
SH Comp	3,195	-0.90%	3.4%	2,885	3,425
Kospi	2,615	2.2%	16.9%	2,135	2,682
TWSE	16,762	0.8%	18.6%	12,629	16,794
STI	3,190	0.1%	-1.88%	2,969	3,408
JKSE	6,619	-0.26%	-3.38%	6,543	7,377
SET	1,529	-0.41%	-8.40%	1,491	1,696

Source: FactSet

Note: Bloomberg consensus target price as of last trading day

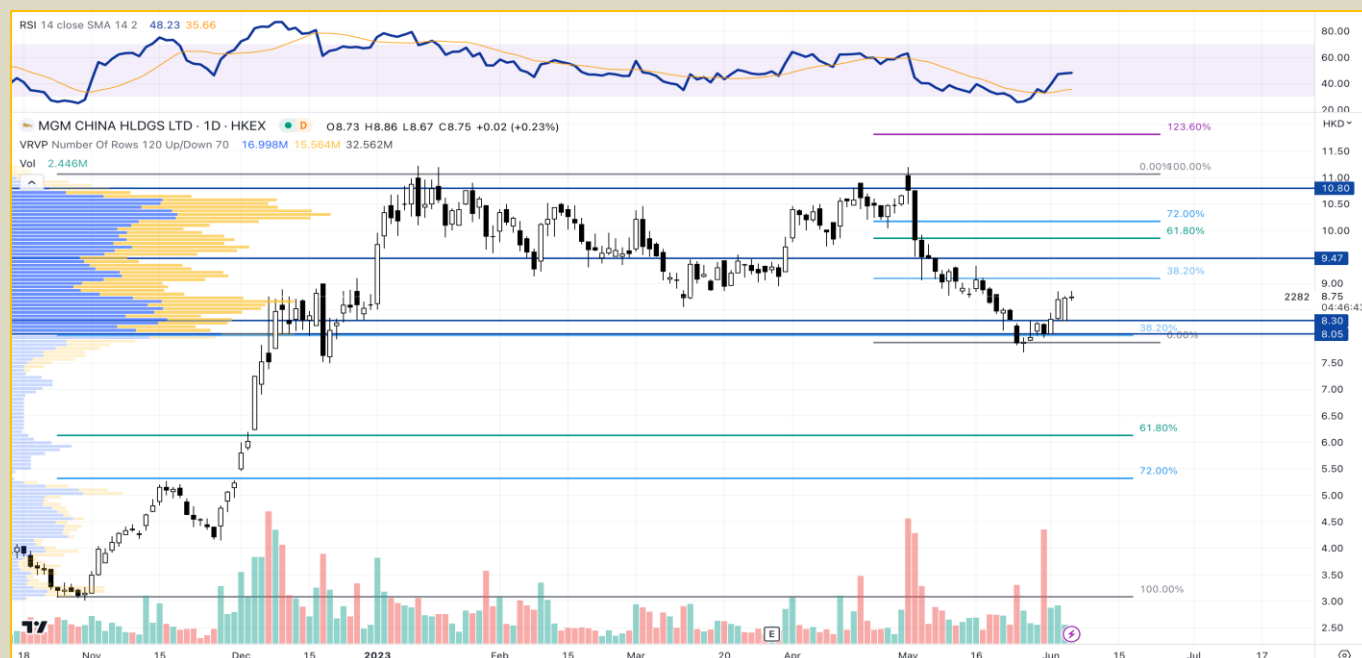
## 1. (CHINA – HKEX) JD.COM, Inc. (9618 HK) | STRATEGY: ACCUMULATE (TECHNICAL)



The consolidation within the “falling wedge” pattern has ended following a breakout move above the neckline - thus validating the earlier bullish divergence signal against the RSI line. Given the rapid gain of buying momentum, we expect the stock to trade higher and kick-start a short-term upcycle ahead.

SUGGESTION BUY RANGE (HKD)	SUPPORT (HKD)	RESISTANCE (HKD)	ESTIMATED TIMEFRAME
143.00 ~ 145.00	S1: 135.00, S2: 126.00	R1: 166.00, R2: 192.00	3 - 6 weeks

## 2. (CHINA – HKEX) MGM China Holdings (2282 HK) | STRATEGY: ACCUMULATE (TECHNICAL)



The recent decline was halted within the 38.2% FR level amid the appearance of fresh buying interest within HKD8.00 region. The subsequent rebound has kick-started a new short-term upcycle backed by an upward sloping RSI line - indicating ongoing momentum remains elevated. We expect the stock to continue trading higher ahead.

SUGGESTION BUY RANGE (HKD)	SUPPORT (HKD)	RESISTANCE (HKD)	ESTIMATED TIMEFRAME
8.60 ~ 8.80	S1: 18.30, S2: 8.05	R1: 9.47, R2: 10.80	3 - 6 weeks

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