

What's Hot Today:

► **Meituan (3690 HK, HK\$129.40, HK\$791bn) solid growth with enhancing margins but competition heating up**

Meituan reported 1Q25 results with revenue in line and profit beating expectations. The revenue increased by 18% YoY to RMB86.6bn. Net profit climbed by 87% YoY to RMB10bn, 16% above expectations, thanks to improved profitability for Core Local Commerce (CLC) businesses but partially offset by investment overseas.

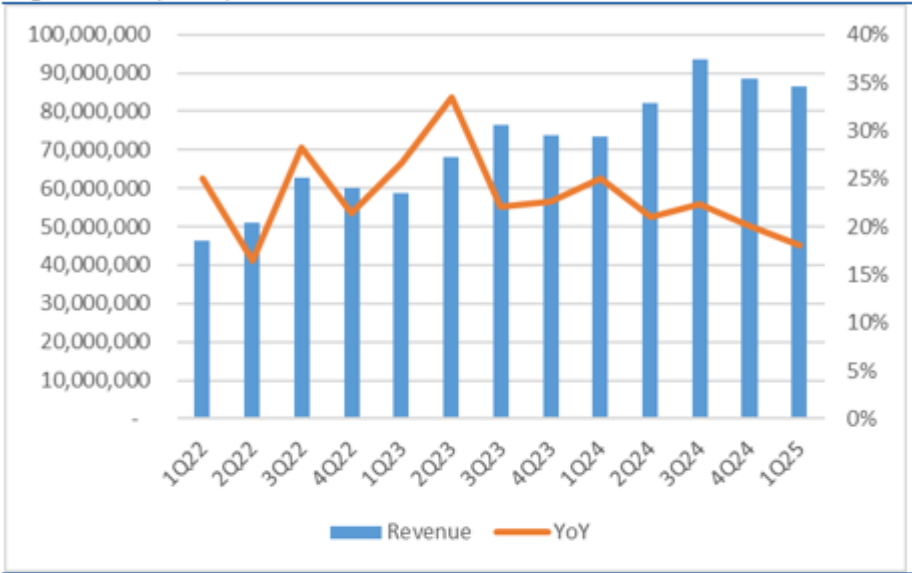
Solid growth from CLC segment. CLC's revenue delivered a solid growth of 17.8% YoY to RMB64.3bn, accounting for about 74% of total. Operating profit increased by 39.1% YoY to RMB13.5bn. For food delivery business, the transaction frequency of mid-to-high frequency users continued to grow significantly. Meituan Instashopping (美團閃購) continue to attract consumer demand for 30-minute delivery of a diverse range of daily products, especially in low-tiers cities. In the Q1, nearly 300mn consumers used Meituan Instashopping. Pin Hao Fan (“拼好飯”) and Shen Qiang Shou (“神搶手”) maintained robust growth. In late March, Meituan launched the Meituan Membership Program (美團會員), with differentiated service such as coupons, room upgrades, free tickets changes to increase the stickiness.

Global expansion paid off. Revenues from the New initiatives increased by 19.2% YoY to RMB22.2bn, accounting for 26% of total revenue. Operating loss narrowed by 17.5% YoY to RMB2.3bn, mainly due to improving operating efficiency in the grocery retail businesses, partially offset by the increased costs of overseas business. Keeta, which is the international brand of Meituan food delivery service, made significant breakthroughs in Saudi Arabia and Hong Kong. Furthermore, Keeta plans to replicate its successful expansion strategy in the Brazilian market in the near future.

Our view: In the near term, Meituan is expected to have some pressure on fierce competition. The Mgt is confident that the unhealthy subsidized competition would not last for long and Meituan would do everything to win that fight. We believe Meituan can maintain its market domainance thanks to strong customer stickiness and the introduction of new services. Overseas expansion would be a catalyst but the initial costs for enternting a new territory is unknown. Given the increase in uncertainties, we expect the stock prices to be volatile in the near term. The counter is trading at 20.9x FY25 P/E.(Ensley LIU)

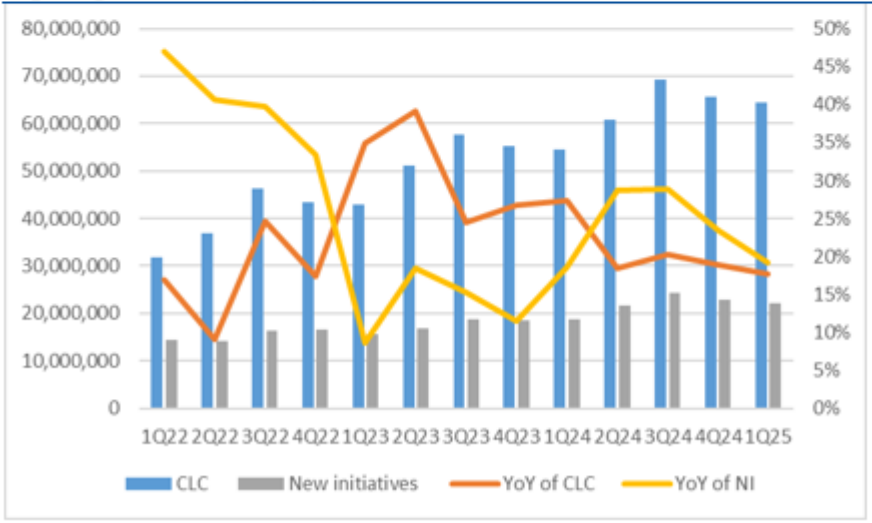
China & HK Indices		CLOSE	1D	YTD		
HSI		23,282	-1.4%	16.1%		
HSCBI		8,437	-1.7%	15.7%		
HSCCI		3,940	0.3%	4.2%		
CSI300		3,860	-0.6%	-1.9%		
Shanghai A		3,507	-0.0%	-2.9%		
Shanghai B		259	-0.9%	-2.9%		
Shenzhen A		2,067	0.2%	1.0%		
Shenzhen B		1,190	-0.5%	-1.8%		
Key Int'l Indices		CLOSE	1D	YTD		
Dow Jones		41,603	-0.6%	-2.2%		
S&P 500		5,802	-0.7%	-1.3%		
Nasdaq		18,737	-1.0%	-3.0%		
Nikkei Index		37,467	-0.2%	-6.1%		
FTSE Index		8,717	-0.2%	6.7%		
CAC Index		7,828	1.2%	6.1%		
DAX Index		24,027	1.7%	20.7%		
Commodities		CLOSE	1D	YTD		
GOLD	(US\$/oz.)	3,343	-0.4%	27.4%		
STEEL	(US\$/oz.)	1,874	-0.5%	5.0%		
SILVER	(US\$/oz.)	33	0.0%	15.7%		
CRUDE OIL	(US\$/bbl)	61	0.5%	-14.4%		
COPPER	(US\$/oz.)	9,610	0.8%	9.6%		
ALUMINIUM	(US\$/oz.)	2,463	-0.3%	-3.4%		
PLATINUM	(US\$/oz)	1,090	-0.6%	19.5%		
ZINC	(US\$/oz.)	2,701	0.3%	-9.3%		
WHEAT	(US\$/bu)	542	-0.4%	-1.7%		
CORN	(US\$/bu)	459	-0.8%	-2.0%		
SUGAR	(US\$/lb)	N/A	N/A			
SOYBEAN	(US\$/bu)	1,060	-0.7%	2.5%		
PVC	(US\$/t.)	N/A	N/A	-5.4%		
CRB		296	-0.6%	3.0%		
BDI				34.4%		
Exchange Rates						
	USD	HKD	EUR	JPY	CHF	RMB
USD		7.836	0.878	142.850	0.821	7.186
HKD	0.128		0.112	18.229	10.477	0.917
EUR	1.139	8.923		162.650	1.070	8.179
JPY	0.007	5.486	0.615		0.574	0.050
CHF	1.218	9.545	1.070	173.958		8.756
RMB	0.139	1.090	0.122	19.866	0.114	
Market Sentiment		CURRENT		5D		
CDS Monitor - USD SR 5Y						
Greece				N/A	N/A	
Ireland				83	-2.4%	
Italy				139	-0.6%	
Portugal				207	-0.0%	
Spain				108	0.3%	
VIX				20	13.4%	
Source: Bloomberg						

Fig 1: Revenue(RMB k) and YoY



Source: Company Data, Sunwah Kingsway Research

Fig 2: Segment revenue(RMB k) and YoY



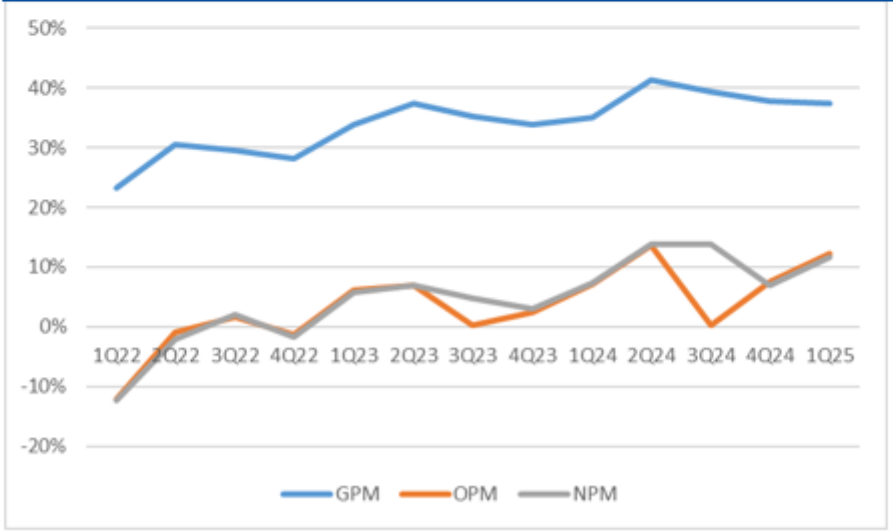
Source: Company Data, Sunwah Kingsway Research

Fig 3: Net profit(RMB k) and YoY



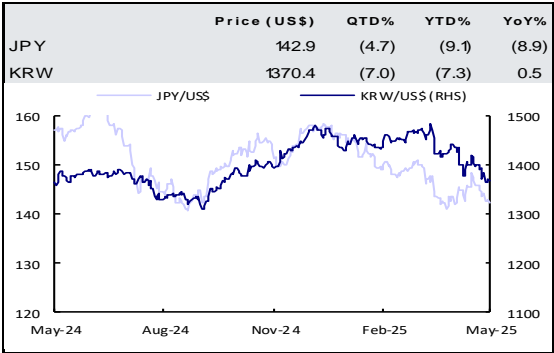
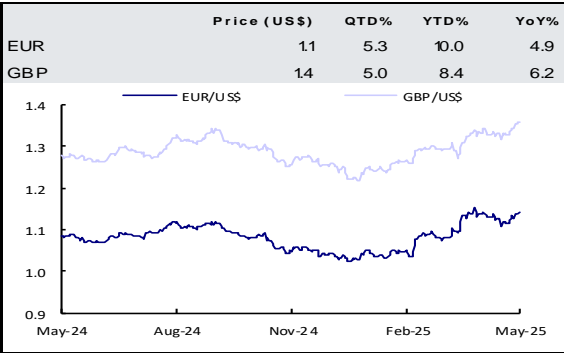
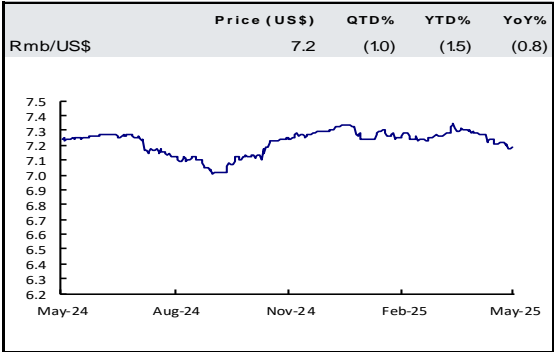
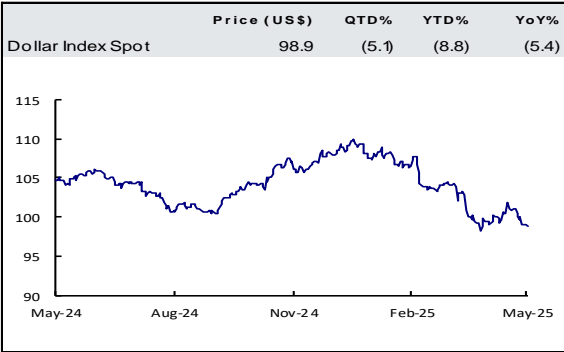
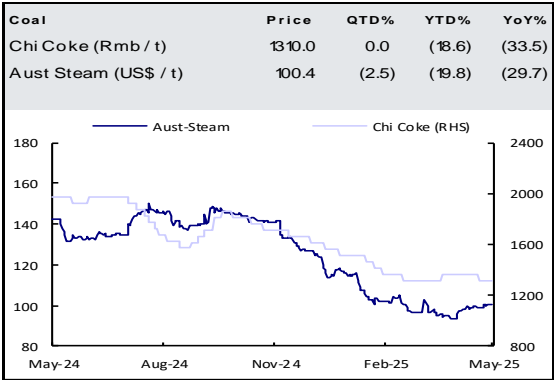
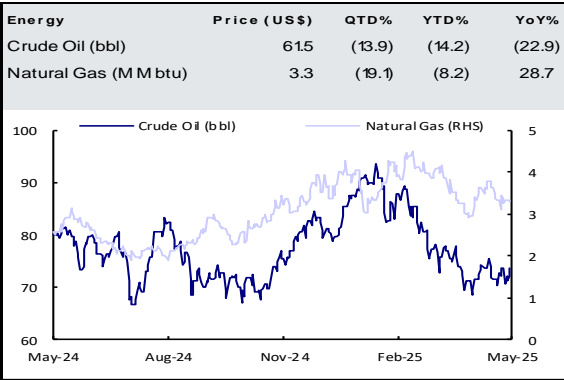
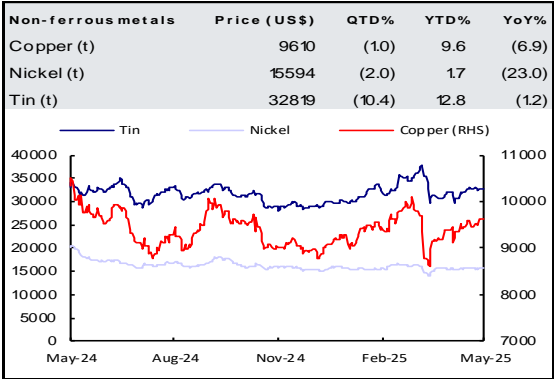
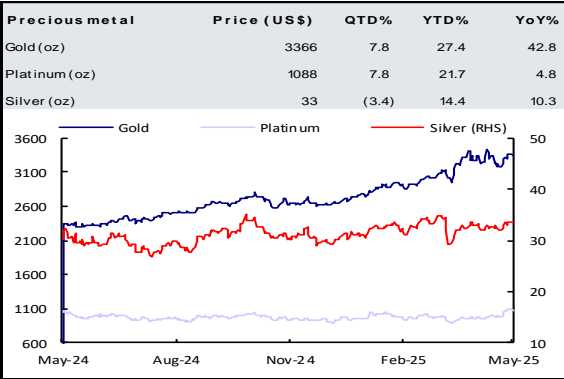
Source: Company Data, Sunwah Kingsway Research

Fig 4: Margins



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Durable Goods Orders	MoM		27-May-25
Consumer Confidence	MoM		27-May-25
Initial Jobless Claims	WoW		29-May-25
GDP	QoQ		29-May-25
Wholesale Inventories	MoM		30-May-25
Personal Income & Spending	MoM		30-May-25
ISM Manufacturing PMI	MoM		2-Jun-25
Factory Orders	MoM		3-Jun-25
Trade Balance	MoM		5-Jun-25
Employment Report	MoM		6-Jun-25
CPI	MoM		11-Jun-25
PPI	MoM		12-Jun-25
Business Inventories	MoM		17-Jun-25
Retail Sales	MoM		17-Jun-25
Industrial Production	MoM		17-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
New home Sales	MoM		25-Jun-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-May-25
Foreign Exchange Reserves	QoQ		7-Jun-25
Money Supply - M2	MoM		9-Jun-25
Trade Balance	MoM		9-Jun-25
PPI	MoM		9-Jun-25
CPI	MoM		9-Jun-25
Retail Sales	MoM		16-Jun-25
Industrial Production	MoM		16-Jun-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		30-May-25
Retail Sales	MoM		2-Jun-25
PMI	MoM		4-Jun-25
Foreign Currency Reserve	MoM		6-Jun-25
Producer Prices Index	QoQ		12-Jun-25
Industrial Production	QoQ		12-Jun-25
Unemployment Rate	MoM		17-Jun-25
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
GDP	QoQ		31-Jul-25
Composite Interest Rate	MoM		

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KFS and/or its affiliates beneficially own shares of Meituan (3690.HK) .

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