

Major Market Indicators

| | 13 May | 10 May | 9 May |
|----------------|---------|---------|---------|
| Mkt. Turn.(mn) | 147,200 | 171,000 | 123,700 |
| Stock Advances | 1,041 | 1,161 | 1,165 |
| Stock Declines | 665 | 580 | 492 |
| HSI | 19,115 | 18,964 | 18,538 |
| Change | +151 | +426 | +224 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 18,418 |
| 50-days MA | 17,027 |
| 250-days MA | 17,659 |
| 14-days RSI | 77.06 |
| Primary resistance | 19,400 |
| Primary support | 19,000 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 6,514 |
| 50-days MA | 5,971 |
| 250-days MA | 6,055 |
| 14-days RSI | 76.49 |
| Primary resistance | 7,000 |
| Primary support | 6,600 |

Stock Pick
Alibaba (9988)
Target: \$95
Stop loss: \$71.5

The market expects Alibaba's quarterly revenue to increase by 5.6% yoy; adjusted EBITDA will decrease by 1.8% yoy. In the first three months of 2024, China's online physical goods GMV increased by 12% yoy. The market would continue to observe the sustainability of Alibaba's product GMV growth. With market sentiment improves, and considering the current forecast price-earnings ratio of less than 10 times, the current stock price has reflected its negative factors to a certain extent, also Alibaba's stock buyback can have a certain supporting effect on the stock price.

BOC (3988)
Target: \$4
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 8%, which is attractive for long term investment.

HKEX (388)
Target: \$290
Stop loss: \$225

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

Currently, significant numbers of FOMC members had a hawkish stance and are skeptical about whether interest rates can be cut this year, while U.S. consumers also expect inflation to heat up. According to a survey by the Federal Reserve Bank of New York, U.S. consumers' expectations for inflation increased in April and will rise at an annualized rate of 3.3% in one year, the highest level since November last year. Previously, inflation expectations were only up and down 3%. At the same time, the health of household's balance sheets has begun to show signs of deterioration, and the proportion of consumers who expected to be unable to repay their minimum debt in the next three months has reached pre-covid levels.

Hong Kong Stock Connect recorded a net inflow of HK\$8.81bn on Monday, of which Tracker Fund (2800) had the largest inflow, reaching HK\$2.86bn; followed by ICBC (1398). Tencent (0700) recorded the largest net outflow of HK\$480mn, followed by Kuaishou (1024).

Daily Focus

Alibaba (9988): expects quarterly revenue to grow by 5.6%

- The market expects Alibaba's quarterly revenue to increase by 5.6% yoy; adjusted EBITDA will decrease by 1.8% yoy.
- The market expects that the guidance for net profit will be conservative. In the first three months of 2024, China's online physical goods GMV increased by 12% yoy. The market would continue to observe the sustainability of Alibaba's product GMV growth. It is estimated that the company's revenue growth rate in 2025 will be cc.8%. However, due to Taobao, Tmall and Overseas businesses are all in an investment stage, so the company's adjusted net profit growth in 2025 will still be under pressure. In addition, public cloud will continue to further penetrate the small and medium-sized enterprise market through price reduction and technology investment, putting pressure on the profit margin of the segment.
- In terms of repurchases, as of March 31 this year, Alibaba had repurchased a total of 1.249 billion ordinary shares for a total amount of US\$12.5 billion throughout the fiscal year. There is still more than US\$30 billion in repurchase quota under the share repurchase plan authorized by the company's board of directors, which is valid until March 2027.
- With market sentiment improves, and considering the current forecast price-earnings ratio of less than 10 times, the current stock price has reflected its negative factors to a certain extent, also Alibaba's stock buyback can have a certain supporting effect on the stock price.

| Alibaba (9988): Info | |
|-------------------------|-------|
| Closed price | 81.15 |
| FY24 P/E (X) | 9.62 |
| FY24 Dividend yield (%) | 0.96 |
| 52 week high | 100 |
| 52 week low | 64.6 |
| 14 RSI | 68.2 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 65.40 | 62.55 | 72.11 |
| Balance as % of Quota Amount | 15.4 | 12.9 | 85.9 |

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|-----------------|------------|------------------|-------------------|----------------|
| WUXI BIO | 2269 | 1,028,604,210 | 1,023,873,629 | 2,052,477,839 |
| CNOOC | 883 | 800,935,910 | 1,158,457,579 | 1,959,393,489 |
| TENCENT | 700 | 927,618,700 | 940,795,760 | 1,868,414,460 |
| KINGKEY FIN INT | 1468 | 551,432,270 | 633,619,520 | 1,185,051,790 |
| CHINA MOBILE | 941 | 419,780,250 | 705,885,250 | 1,125,665,500 |
| MEITUAN-W | 3690 | 451,051,650 | 621,630,717 | 1,072,682,367 |
| TRACKER FUND | 2800 | 1,053,683,250 | 2,799,520 | 1,056,482,770 |
| CCB | 939 | 606,687,770 | 380,755,870 | 987,443,640 |
| WUXI APPTec | 2359 | 476,738,240 | 427,018,344 | 903,756,584 |
| ICBC | 1398 | 815,067,280 | 83,449,920 | 898,517,200 |

Sources: HKEx

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|---------------|------------|------------------|-------------------|----------------|
| TRACKER FUND | 2800 | 1,813,710,925 | 691,890 | 1,814,402,815 |
| WUXI BIO | 2269 | 583,004,150 | 743,219,761 | 1,326,223,911 |
| TENCENT | 700 | 424,353,720 | 891,825,453 | 1,316,179,173 |
| CNOOC | 883 | 618,553,910 | 447,149,582 | 1,065,703,492 |
| CCB | 939 | 260,449,100 | 513,418,400 | 773,867,500 |
| CHINA MOBILE | 941 | 501,221,175 | 220,170,475 | 721,391,650 |
| MEITUAN-W | 3690 | 283,771,020 | 351,409,292 | 635,180,312 |
| KUAISHOU-W | 1024 | 193,451,635 | 435,369,145 | 628,820,780 |
| ICBC | 1398 | 169,568,880 | 449,742,000 | 619,310,880 |
| CHINA SHENHUA | 1088 | 342,387,700 | 232,964,270 | 575,351,970 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Billion) |
|---------------|------|--------|--------------|-------------------|
| TRACKER FUND | 2800 | 0.79% | 19.27 | 10.395 |
| TENCENT | 700 | 1.94% | 378.20 | 7.728 |
| BABA-SW | 9988 | 4.11% | 81.15 | 6.350 |
| MEITUAN-W | 3690 | 3.12% | 122.30 | 4.265 |
| WUXI BIO | 2269 | -3.55% | 14.14 | 4.222 |
| HSCEI ETF | 2828 | 0.68% | 68.50 | 3.805 |
| CCB | 939 | -0.18% | 5.63 | 3.561 |
| CNOOC | 883 | -2.44% | 20.00 | 2.513 |
| CHINA MOBILE | 941 | -0.34% | 73.75 | 2.335 |
| BANK OF CHINA | 3988 | -0.27% | 3.73 | 2.148 |

Ten Short Sell Stocks

| Stock Name | Code | Short Sell Amount | Turnover | Short Sell Ratio |
|---------------|----------|-------------------|----------|------------------|
| TRACKER FUND | 02800.HK | 1.04B | 2.00B | 52.06% |
| TENCENT | 00700.HK | 401.25M | 4.56B | 8.80% |
| KUAISHOU-W | 01024.HK | 379.46M | 1.26B | 30.20% |
| ICBC | 01398.HK | 377.27M | 1.31B | 28.79% |
| BANK OF CHINA | 03988.HK | 244.79M | 1.01B | 24.31% |
| WUXI BIO | 02269.HK | 232.49M | 3.61B | 6.44% |
| HSCEI ETF | 02828.HK | 232.05M | 817.42M | 28.39% |
| BABA-SW | 09988.HK | 230.29M | 3.14B | 7.34% |
| HKEX | 00388.HK | 183.74M | 1.17B | 15.67% |
| XL2CSOPHSTECH | 07226.HK | 182.59M | 636.13M | 28.70% |

Source: AA Stocks

Economic Calendars

| Date | Country | Event | Survey | Prior |
|------|--|--|---------------------------|--------|
| Tue | US | Apr. PPI (MoM) | 0.3% | 0.2% |
| | | Home Depot (HD) Result | | |
| Wed | US | Apr. CPI (MoM) | 0.4% | 0.4% |
| | | Apr. CPI Ex Food and Energy (MoM) | 0.3% | 0.4% |
| | Apr. CPI (YoY) | 3.4% | 3.5% | |
| | Apr. Retail Sales Advance (MoM) | 0.4% | 0.7% | |
| | Cisco (CSCO) Result | | | |
| | Euro Zone | 1Q. GDP SA (YoY) | | 0.4% |
| | | Mar. Industrial Production WDA (YoY) | | -6.4% |
| Thu | US | Hong Kong | ZTO Express (2057) Result | |
| | | HK Stock Connect Closed | | |
| | | Market will close (The Birthday of the Buddha) | | |
| | | Initial Jobless Claims (Till May 11) | | 231k |
| | | Continuing Jobless Claims (Till May 4) | | 1,785k |
| Fri | US | Apr. Building Permits | 1,488k | 1,467k |
| | | Apr. Housing Starts | 1,435k | 1,321k |
| | Apr. Philadelphia Fed Business Outlook | 8.0 | 15.5 | |
| | Apr. Industrial Production (MoM) | 0.2% | 0.4% | |
| | Walmart (WMT) Result | | | |
| | Hong Kong | JD Logistics (2618), JD.com (9618), Baidu (9888) Results | | |
| | Euro Zone | Apr. CPI (YoY) (Final) | 2.4% | 2.4% |
| | China | Apr. Industrial Production (YoY) | 5.5% | 4.5% |
| | | Apr. Fixed Assets Ex Rural YTD (YoY) | 4.6% | 4.5% |
| | | Apr. Retail Sales (YoY) | 3.9% | 3.1% |

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