

**Major Market Indicators**

	14 May	13 May	10 May
Mkt. Turn.(mn)	143,100	147,200	171,000
Stock Advances	777	1,041	1,161
Stock Declines	929	665	580
HSI	19,074	19,115	18,964
Change	-41	+151	+426

**HSI Technical Indicators**

10-days MA	18,551
50-days MA	17,077
250-days MA	17,655
14-days RSI	75.89
Primary resistance	19,200
Primary support	18,800

**HSCEI Technical Indicators**

10-days MA	6,560
50-days MA	5,992
250-days MA	6,055
14-days RSI	74.98
Primary resistance	6,800
Primary support	6,400

**Stock Pick**
**Tencent (700)**
**Target: \$410**
**Stop loss: \$360**

Tencent's 1Q24 revenue and profit both beat expectations. Revenue amounted to RMB159.5bn, an increase of 6% yoy, higher than the expected RMB158.8bn. Non-IFRS net profit was RMB50.26bn, an increase of 54% yoy, higher than the expected RMB43bn. By segment, value-added services revenue was RMB78.6bn, higher than the expected RMB77.9bn. Advertising revenue was RMB26.5bn, higher than the RMB24.8bn. During the period, Video Accounts' total user time spent increased over 80% yoy. Two flagship domestic games, Honour of Kings and Peacekeeper Elite, registered yoy growth in gross receipts in March 2024, as its new monetisation cadence and enhanced content design started to yield results.

**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**

CPI rose less than expected in April, suggesting that inflation resumed its downward trend at the beginning of the second quarter, boosting financial market expectations for an interest rate cut in September. The BLS said on Wednesday that CPI rose 0.3% last month, following a 0.4% rise in March and February. On an annual basis, CPI rose by 3.4% after rising by 3.5% in March. Economists had previously predicted that the CPI would rise 0.4% mom and 3.4% yoy. Core CPI, which excludes volatile food and energy prices, rose 0.3% from March, while on an annual basis it fell to 3.6% from 3.8% in March. Traders see a 50.5% chance that the U.S. central bank will start cutting rates in September, according to the CME FedWatch Tool.

Hong Kong Stock Connect had a net outflow of HK0.1bn on Tuesday, of which BOC (3988) had the largest net inflow, reaching HK\$0.7n; followed by Xiaomi (1810). CNOOC (883) recorded the largest net outflow at HK\$0.8bn, followed by HSBC (5).

## Daily Focus

### Tencent (700): both revenue and profit beat expectation

- Tencent's 1Q24 revenue and profit both beat expectations. Revenue amounted to RMB159.5bn, an increase of 6% yoy, higher than the expected RMB158.8bn. Non-IFRS net profit was RMB50.26bn, an increase of 54% yoy, higher than the expected RMB43bn.
- By segment, value-added services revenue was RMB78.6bn, higher than the expected RMB77.9bn. Advertising revenue was RMB26.5bn, higher than the RMB24.8bn. FinTech and Business Services revenue was RMB52.3bn, lower than the expected RMB55bn.
- During the period, Video Accounts' total user time spent increased over 80% yoy. Mini Programs' total user time spent increased over 20% yoy. Tencent Video released several popular self-commissioned drama series and animated series, such as Blossoms Shanghai, The Hunter and Perfect World Season 4, driving an 8% yoy increase in its long-form video subscriptions to 116 million. Two flagship domestic games, Honour of Kings and Peacekeeper Elite, registered yoy growth in gross receipts in March 2024, as its new monetisation cadence and enhanced content design started to yield results. Several domestic games attained record high gross receipts during the quarter, including Fight of the Golden Spatula, CrossFire Mobile and Arena Breakout.
- In the medium to long term, Tencent's moat remains, and its gross profit margin expansion is also a catalyst.

Tencent (700): Info	
Closed price	381.8
FY24 P/E (X)	17.6
FY24 Dividend yield (%)	1.1
52 week high	384.8
52 week low	260.2
14 RSI	83.3

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	53.86	54.21	81.03
<b>Balance as % of Quota Amount</b>	14.6	11.9	96.5

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	699,781,280	1,279,251,390	1,979,032,670
CNOOC	883	566,605,600	1,398,252,522	1,964,858,122
ICBC	1398	881,322,360	291,541,100	1,172,863,460
KINGKEY FIN INT	1468	601,524,550	544,612,610	1,146,137,160
CHINA MOBILE	941	377,421,950	692,691,320	1,070,113,270
XIAOMI-W	1810	513,373,524	548,301,688	1,061,675,212
CCB	939	623,809,630	420,789,920	1,044,599,550
WUXI BIO	2269	283,452,860	692,787,260	976,240,120
MEITUAN-W	3690	444,295,660	447,588,229	891,883,889
BANK OF CHINA	3988	731,108,090	30,889,710	761,997,800

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	872,685,960	1,048,112,716	1,920,798,676
XIAOMI-W	1810	794,582,762	313,365,733	1,107,948,495
MEITUAN-W	3690	399,367,090	533,708,208	933,075,298
KUAISHOU-W	1024	425,123,540	460,432,160	885,555,700
CNOOC	883	393,988,740	449,185,926	843,174,666
ICBC	1398	70,946,270	631,950,698	702,896,968
CHINA SHENHUA	1088	256,070,675	379,639,550	635,710,225
WUXI BIO	2269	328,758,730	254,131,970	582,890,700
KINGKEY FIN INT	1468	279,312,640	253,131,370	532,444,010
CCB	939	171,125,880	272,661,300	443,787,180

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.95%	381.80	8.252
TRACKER FUND	2800	-0.21%	19.23	7.819
BABA-SW	9988	1.85%	82.65	6.477
MEITUAN-W	3690	-0.33%	121.90	4.730
HSCEI ETF	2828	-0.44%	68.20	4.377
XIAOMI-W	1810	3.20%	19.98	3.812
CCB	939	-1.24%	5.56	3.191
KUAISHOU-W	1024	0.70%	57.50	2.768
CSOP HS TECH	3033	0.41%	3.96	2.521
CNOOC	883	-2.30%	19.54	2.437

## Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.56B	3.17B	49.26%
MEITUAN-W	03690.HK	509.71M	3.01B	16.93%
KUAISHOU-W	01024.HK	451.38M	1.81B	24.88%
XI2CSOPHSTECH	07552.HK	448.21M	763.01M	58.74%
ICBC	01398.HK	410.04M	1.36B	30.19%
TENCENT	00700.HK	404.71M	4.39B	9.22%
BABA-SW	09988.HK	297.73M	3.46B	8.61%
BANK OF CHINA	03988.HK	247.75M	844.49M	29.34%
CCB	00939.HK	217.71M	1.90B	11.44%
XL2CSOPHSTECH	07226.HK	191.75M	645.79M	29.69%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior	
Tue	US	Apr. PPI (MoM)	0.3%	0.2%	
		Home Depot (HD) Result			
	Hong Kong	Tencent (700), MINISO (9896), Alibaba (9988) Results			
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
			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			
Fri	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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