

Major Market Indicators

| | 16 May | 14 May | 13 May |
|----------------|---------|---------|---------|
| Mkt. Turn.(mn) | 204,900 | 143,100 | 147,200 |
| Stock Advances | 992 | 777 | 1,041 |
| Stock Declines | 764 | 929 | 665 |
| HSI | 19,377 | 19,074 | 19,115 |
| Change | +303 | -41 | +151 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 18,712 |
| 50-days MA | 17,135 |
| 250-days MA | 17,652 |
| 14-days RSI | 78.47 |
| Primary resistance | 19,500 |
| Primary support | 19,000 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 6,619 |
| 50-days MA | 6,016 |
| 250-days MA | 6,055 |
| 14-days RSI | 77.99 |
| Primary resistance | 7,000 |
| Primary support | 6,500 |

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: \$310
Stop loss: \$260

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

Bets for a rate cut in September continued to provide support for the stock market, with a lower-than-expected consumer price index (CPI) on Wednesday followed by data showing the job market was cooling. Initial jobless claims in the U.S. fell to 222,000 in week ended on May 11, down from the upwardly revised 232,000 the previous week. Economists had expected a reading of 219,000. However, U.S. Treasury yields rebounded from weakness a day earlier as a Fed speaker remained cautious. Cleveland Fed President Loretta Mester believes it will take longer than previously thought to reach the 2% target and said incoming data will need to be further monitored.

Hong Kong Stock Connect had a net inflow of HK\$3.9bn on Thursday, of which BOC (3988) had the largest net inflow, reaching HK\$2.2bn; followed by Tencent (700). Tracker Fund (2800) recorded the largest net outflow at HK\$1.7bn, followed by HSCEI ETF (2828).

Daily Focus

HKEX (388): Benefits from the increase of trading volume

- The trading volume of HK market has recently increased significantly. HKEX can be directly benefited.
- Although there is a decline on an annual basis, HKEX recorded improvement on a quarter basis. Compared with 4Q23, revenue and other income in 1Q24 was up by 7 per cent, attributable to higher trading and clearing fees from higher volumes across all markets, and the non-recurring losses on the valuation of the Group's unlisted equity investments of \$246 million recorded in 4Q23. In terms of transaction volume, cash market Headline ADT was \$99.4 billion in 1Q24, 9 per cent higher than 4Q23, but 22 per cent lower than 1Q23.
- 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.

| HKEX (388): Info | |
|-------------------------|-------|
| Closed price | 292 |
| FY24 P/E (X) | 29.95 |
| FY24 Dividend yield (%) | 2.97 |
| 52 week high | 336.0 |
| 52 week low | 212.2 |
| 14 RSI | 74.8 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 66.74 | 62.66 | 76.24 |
| Balance as % of Quota Amount | 17.7 | 13.3 | 90.8 |

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|-----------------|------------|------------------|-------------------|----------------|
| TENCENT | 700 | 2,523,251,040 | 2,412,759,732 | 4,936,010,772 |
| CNOOC | 883 | 1,034,764,420 | 1,661,442,558 | 2,696,206,978 |
| BANK OF CHINA | 3988 | 2,378,584,170 | 155,264,690 | 2,533,848,860 |
| CCB | 939 | 1,041,969,130 | 593,951,960 | 1,635,921,090 |
| CHINA MOBILE | 941 | 678,752,200 | 840,805,475 | 1,519,557,675 |
| MEITUAN-W | 3690 | 515,209,750 | 795,265,912 | 1,310,475,662 |
| TRACKER FUND | 2800 | 36,427,550 | 1,044,846,060 | 1,081,273,610 |
| PING AN | 2318 | 466,649,025 | 497,316,735 | 963,965,760 |
| KINGKEY FIN INT | 1468 | 386,590,830 | 385,274,310 | 771,865,140 |
| WUXI BIO | 2269 | 359,680,000 | 342,205,912 | 701,885,912 |

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 | 2,927,701,520 | 1,899,041,741 | 4,826,743,261 |
| CCB | 939 | 978,056,960 | 857,151,120 | 1,835,208,080 |
| TRACKER FUND | 2800 | 139,653,270 | 905,215,750 | 1,044,869,020 |
| CNOOC | 883 | 513,617,380 | 392,907,063 | 906,524,443 |
| MEITUAN-W | 3690 | 293,779,420 | 532,693,254 | 826,472,674 |
| LI AUTO-W | 2015 | 211,264,885 | 489,766,233 | 701,031,118 |
| XIAOMI-W | 1810 | 203,723,314 | 475,217,705 | 678,941,019 |
| CHINA SHENHUA | 1088 | 218,082,250 | 350,993,975 | 569,076,225 |
| HSCEI ETF | 2828 | 1,293,104 | 534,631,476 | 535,924,580 |
| ICBC | 1398 | 435,282,130 | 65,002,400 | 500,284,530 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Billion) |
|---------------|------|--------|--------------|-------------------|
| TENCENT | 700 | 3.98% | 397.00 | 23.269 |
| TRACKER FUND | 2800 | 1.56% | 19.53 | 11.610 |
| BABA-SW | 9988 | -3.57% | 79.70 | 8.858 |
| CCB | 939 | 6.12% | 5.90 | 7.736 |
| HSCEI ETF | 2828 | 1.91% | 69.50 | 6.929 |
| MEITUAN-W | 3690 | 3.04% | 125.60 | 5.361 |
| BANK OF CHINA | 3988 | 4.88% | 3.87 | 5.228 |
| PING AN | 2318 | 7.10% | 43.00 | 4.259 |
| CSOP HS TECH | 3033 | 0.76% | 3.99 | 3.467 |
| ICBC | 1398 | 5.37% | 4.71 | 2.907 |

Ten Short Sell Stocks

| Stock Name | Code | Short Sell Amount | Turnover | Short Sell Ratio |
|---------------|----------|-------------------|----------|------------------|
| TRACKER FUND | 02800.HK | 6.88B | 11.61B | 59.29% |
| TENCENT | 00700.HK | 2.84B | 23.27B | 12.19% |
| BABA-SW | 09988.HK | 1.05B | 8.86B | 11.91% |
| MEITUAN-W | 03690.HK | 1.03B | 5.36B | 19.18% |
| HSCEI ETF | 02828.HK | 796.06M | 6.93B | 11.49% |
| BANK OF CHINA | 03988.HK | 788.18M | 5.23B | 15.08% |
| ICBC | 01398.HK | 749.30M | 2.91B | 25.77% |
| KUAISHOU-W | 01024.HK | 670.22M | 2.44B | 27.47% |
| CCB | 00939.HK | 669.92M | 7.74B | 8.66% |
| PING AN | 02318.HK | 590.95M | 4.26B | 13.87% |

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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