

Major Market Indicators

	22 May	21 May	20 May
Mkt. Turn.(mn)	126,600	150,600	156,500
Stock Advances	954	462	1,059
Stock Declines	711	1,266	718
HSI	19,156	19,221	19,636
Change	-25	-41	+83

HSI Technical Indicators

10-days MA	19,099
50-days MA	17,371
250-days MA	17,646
14-days RSI	60.47
Primary resistance	19,500
Primary support	19,000

HSCEI Technical Indicators

10-days MA	6,765
50-days MA	6,113
250-days MA	6,058
14-days RSI	51.98
Primary resistance	7,000
Primary support	6,500

Stock Pick
Netease (9999)
Target: \$200
Stop loss: \$146

NetEase will announce its 1Q24 result on Thursday (23rd). The market predicts that NetEase's first quarter revenue will increase by 6.7% yoy to RMB26.7bn, and non-GAAP net profit will increase by 10% yoy to RMB8.3bn. Among segments, games and related value-added service revenue is expected to increase by 7.4% yoy. NetEase currently trades at a lower price-to-earnings ratio than its peers. In addition, NetEase recently updated its cooperation agreement with Blizzard, and games such as "World of Warcraft" will return to the Chinese market starting this summer. The market is looking forward to NetEase's revenue growth in international games. Finally, The market is looking forward to "where winds meet", which will be officially launched on July 26.

BOC (3988)
Target: \$4.2
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 above 6%, 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

Minutes of the FOMC meeting from April 30 to May 1 released on Wednesday showed a lack of progress in lowering inflation in recent months. "Participants observed that while inflation had eased over the past year, in recent months there had been a lack of further progress toward the Committee's 2 percent objective," the summary said. "The recent monthly data had showed significant increases in components of both goods and services price inflation." The minutes also showed "various participants mentioned a willingness to tighten policy further should risks to inflation materialize in a way that such an action became appropriate."

Hong Kong Stock Connect had a net inflow of HK1.65bn on Wednesday, of which BOC (3988) had the largest net inflow, reaching HK\$0.71bn; followed by CCB (939). X Peng (9868) recorded the largest net outflow at HK\$0.44bn, followed by Meituan (3690).

Daily Focus

Kuaishou (1024): both revenue and profit beat expectations

- Kuaishou's revenue and profit beat expectations.
- In 1Q24, total revenue of Kuaishou expanded by 16.6% yoy to RMB29.4bn, with a GPM of 54.8%, profit of RMB4.1bn and profit margin of 14.0%. The average DAUs and MAUs on the Kuaishou App reached 394 million and 697million, representing yoy increases of 5.2% and 6.6%, respectively. The average daily time spent per DAU on the Kuaishou App was 129.5 minutes. During the period, Kuaishou further rolled out its new traffic recommendation mechanism to all users, aligning improvements in user experience with increased monetization efficiency. The smart marketing solution empowered marketing clients to improve their performances, attracting increased client budgets. The Company has steadily grown its e-commerce business with a dual-drive approach of live-streaming e-commerce and shelf-based e-commerce.
- Revenue from online marketing services rose by 27.4% yoy to RMB16.7bn, accounting for 56.6% of total revenue. The number of active marketing clients increased by almost 90% yoy.
- Revenue from the other services increased by 47.6% to RMB4.2bn for 1Q24 from RMB2.8bn for the same period of 2023, primarily due to the growth of e-commerce business. The growth in e-commerce GMV was driven by increases in the number of active e-commerce paying users and active merchants as a result of continuously refined operating strategies and expanded e-commerce scenarios.
- Gross profit increased by 37.6% to RMB16.1bn for 1Q24 from RMB11.7 billion for the same period of 2023. GPM increased to 54.8% for the first quarter of 2024, from 46.4% for the same period of 2023.
- The company recorded profit of RMB4.1bn for the first quarter of 2024, compared to a loss of RMB876 million for the first quarter of 2023.
- The quarter result beat market expectation. We raise the Target price.

Kuaishou (1024): Info	
Closed price	58.15
FY24 P/E (X)	13.78
FY24 Dividend yield (%)	0.00
52 week high	72.50
52 week low	38.40
14 RSI	58.38

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	56.77	56.67	79.49
Balance as % of Quota Amount	15.6	12.1	94.6

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,105,136,980	1,000,753,050	2,105,890,030
CNOOC	883	819,002,920	1,256,281,220	2,075,284,140
CHINA VANKE	2202	597,516,134	592,775,581	1,190,291,715
BANK OF CHINA	3988	832,584,630	112,963,340	945,547,970
CHINA MOBILE	941	467,459,850	385,861,550	853,321,400
SUNAC	1918	373,077,070	351,998,240	725,075,310
KINGKEY FIN INT	1468	335,774,690	308,272,320	644,047,010
ABC	1288	351,427,830	292,168,340	643,596,170
CCB	939	480,529,010	160,988,020	641,517,030
XPENG-W	9868	215,165,240	405,415,700	620,580,940

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	694,755,780	685,253,772	1,380,009,552
CNOOC	883	547,968,420	156,639,440	704,607,860
MEITUAN-W	3690	175,786,570	472,212,907	647,999,477
LI AUTO-W	2015	329,375,180	284,539,464	613,914,644
KUAISHOU-W	1024	309,704,235	275,131,690	584,835,925
CHINA VANKE	2202	211,074,098	281,028,056	492,102,154
CHINA MOBILE	941	205,307,325	284,101,225	489,408,550
XIAOMI-W	1810	120,091,236	336,471,572	456,562,808
XPENG-W	9868	76,919,700	336,174,120	413,093,820
SUNAC	1918	200,849,940	171,578,510	372,428,450

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.21%	384.40	8.564
TRACKER FUND	2800	-0.05%	19.34	7.850
BABA-SW	9988	-1.66%	83.00	2.880
CSOP HS TECH	3033	0.57%	3.92	2.844
AIA	1299	-0.56%	62.30	2.506
HSCEI ETF	2828	0.03%	69.06	2.493
MEITUAN-W	3690	-0.66%	120.60	2.368
JD-SW	9618	-2.27%	129.00	2.194
CNOOC	883	-0.94%	19.04	2.143
LENOVO GROUP	992	12.18%	11.42	2.042

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.42B	3.96B	35.81%
TENCENT	00700.HK	565.74M	5.32B	10.63%
BANK OF CHINA	03988.HK	322.41M	993.49M	32.45%
LENOVO GROUP	00992.HK	202.97M	1.30B	15.63%
MEITUAN-W	03690.HK	192.94M	1.21B	15.91%
ICBC	01398.HK	159.37M	531.20M	30.00%
BABA-SW	09988.HK	158.57M	1.26B	12.57%
CCB	00939.HK	155.05M	1.07B	14.55%
LI AUTO-W	02015.HK	153.88M	1.20B	12.81%
BYD COMPANY	01211.HK	139.14M	560.24M	24.84%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior	
Mon	China	5-Year Loan Prime Rate	3.95%	3.95%	
		1-Year Loan Prime Rate	3.45%	3.45%	
Tue	Hong Kong	Li Auto (2015) Result			
	US	Macy's (M) Result			
Wed	Euro Zone	Mar. Trade Balance SA		17.9b	
	Hong Kong	Tongcheng Travel (780), XPeng Inc (9868), Trip.com (9961) Results			
Thu	US	Apr. Existing Home Sales	4.16m	4.19m	
	Hong Kong	Kuaishou Tech (1024) Result			
Fri	US	Initial Jobless Claims (Till May 18)		222k	
		Continuing Jobless Claims (Till May 11)		1,794k	
		May. S&P Global Manufacturing PMI	50.2	50.0	
		May. S&P Global Services PMI	51.6	51.3	
		Apr. New Home Sales	680k	693k	
		NVIDIA (NVDA) Result			
		Euro Zone	May. HCOB Manufacturing PMI		45.7
			May. HCOB Services PMI		53.3
		Hong Kong	Lenovo (992), Xiaomi Corp (1810), KE Holdings (2423), NetEase Inc (9999) Results		
		US	FOMC Meeting Minutes (May 1) (Announce in early morning on 24 May in HKT)		
Fri	US	Apr. Durable Good Orders (Ex Transportation)	0.2%	0.0%	
		May. University of Michigan Sentiment	67.4	67.4	

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