



## Major Market Indicators

	24 May	23 May	20 May
Mkt. Turn.(mn)	113,600	105,100	122,700
Stock Advances	500	677	1,147
Stock Declines	1,089	868	469
HSI	20,112	20,470	20,717
Change	-358	-247	+597

## HSI Technical Indicators

10-days MA	20,172
50-days MA	20,875
250-days MA	24,588
14-days RSI	45.10
Primary resistance	20,262
Primary support	20,000

## HSCEI Technical Indicators

10-days MA	6,909
50-days MA	7,139
250-days MA	8,736
14-days RSI	45.92
Primary resistance	7,000
Primary support	6,600

## Stock Pick

### CNOOC (0883)

**Target: \$11.8**

**Stop loss: \$9.3**

Although US economic slowdown is expected to drag oil demand, China's reopening supports oil demand, supporting oil price at US\$110. We expect CNOOC to benefit from strong oil price. CNOOC declared special dividend at HK\$1.18 per share, equivalent to 11% yield, which is defensive.

### COSCO Shipping (1919)

**Target: \$15.0**

**Stop loss: \$12.2**

Shanghai has reached zero-Covid on community level in mid-May, and has announced production resumption in two phases, targeting to fully reopen in June. Container traffic in Shanghai has resumed to 90% of normal level last week. COSCO will repurchase shares of Rmb1.5-3.0bn in one year, bolstering share price.

### Ping An(2318)

**Target: \$57.0**

**Stop loss: \$42.0**

The Central government's loosening of credit controls on China's real estate market should help Ping An (which invests a lot in real estate). The Central government has introduced measures to support the capital market, A share market stabilized, which is good for Ping An's investment income. The current share price is 0.85x P/B ratio, dividend yield exceeds 5%, valuation is attractive.

## Market Overview

Netease (9999) and Kuaishou(1024) quarter result beat expectation. However, China tech stock was still weak in the US ADR market last night. Besides, Asia geopolitical tension intensified, HK stock market investors will turn cautious, which will limit HK stock upside. Overall Hong Kong stock is expected to consolidate today, Hang Seng Index resistance is at 20 Day SMA (20,262).

Hong Kong Stock Connect net inflow narrowed to HK\$920mn on Tuesday, of which, China Mobile (0941) and GCL Tech (3800) recorded most net inflow, while net selling remained on Tencent (0700) and Meituan (3690). Besides, US banking stock rebounded sharply in the past few trading days, Hong Kong banking stocks, especially HSBC (0005) also performed well. However, global recession concern might offset part of the benefit from net interest margin expansion (due to rate hike), HSBC resistance is at 100 Day SMA (HK\$51.5), investors could take profit during strength.

**Daily Focus**
**XPENG-W (9868): 1Q22 earnings growth slowed; high value stocks still under pressure**

➤ XPeng announced its 1Q22 results in Monday, with total quarterly revenue of Rmb7.5bn, increase of 152.6% YoY, but a decrease of 12.9% on a MoM basis. The non-GAAP net loss was Rmb1.5bn, compared with a net loss of Rmb700mn in the same period last year. Vehicle deliveries in 1Q22 reached 34,561 units, up 159% YoY.

➤ GPM in 1Q22 was 12.2%, roughly the same YoY and QoQ. In the investor meeting, the company pointed out that the lockdown of Shanghai has led to a drop in deliveries of high-end electric vehicles, which will lead to a drop in GPM in 2Q22. The gains from the previous increase in ASP are expected to be reflected in the 3Q22. The management's long-term GPM is set at 25%, which is similar to the approximately 27% GPM of electric vehicle leader Tesla (TSLA.US).

➤ Xpeng also gave guidance on vehicle deliveries in the 2Q22, which will range from 31,000 to 34,000 units, an increase of about 78.2% to 95.4% YoY. At the upper end of the forecast, the delivery volume in the 1H22 is about 69,000 units, and we believe that 100,000 electric vehicles can be delivered for 2022.

➤ In terms of supply chain issues, the visibility of chip supply is still very limited at present, and the chip supply bottleneck is expected to continue into 23FY. In terms of battery supply, Xpev pointed out that because the price of raw materials continues to fall, the cost of batteries can be reduced. The resumption of work is progressing well. Xpev resumed double-shift production at its Zhaoqing plant in mid-May.

➤ For the guidance of 2Q22, the company has set the revenue range from Rmb6.8bn to Rmb7.5bn, an increase of about 80.8% to 99.4% YoY. Based on estimated 25% EBITDA margin and the upper limit of the revenue guidance, it was Rmb1.8bn loss in 2Q22. 2022F PS ratio was 4.1x, which was still higher than the industry average of 3.3x. Xpev deliver relatively conservative guidance for the 2Q22 which may reflect its revenue growth will be severely under pressure. Investor should be cautious on such high value stock's share price.

XPENG-W (9868) Info	
Closed price	81.80
FY22 P/E (X)	NA
FY22 Dividend yield (%)	NA
52 week high	220.0
52 week low	71.85
14 RSI	45.80

Analyst: Tommy Kung

## Kuaishou (1024) 1Q22 Performance beats; pandemic drags on revenue near-term

- Kuaishou announced its 1Q22 results yesterday, revenue grew 24% YoY to Rmb21.1bn, above consensus by 2.3%; and adjusted EBITDA loss amounted at Rmb1.55bn, below market estimates of Rmb2.7bn loss. Adjusted net loss narrowed to Rmb3.72bn in 1Q22 from loss of Rmb5.65bn in 1Q21, beating market estimates of Rmb4.5bn loss. Daily active users grew 17% YoY to 346mn, and monthly active users (MAU) rose 15% YoY to 598mn in 1Q22.

Kuaishou (1024) Info	
Closed price	63.35
FY22 P/S(X)	2.3
FY22 Dividend yield (%)	-
52 week high	222.0
52 week low	53.15
14 RSI	49.2

- For revenue breakdown, advertising revenue rose 33% YoY to Rmb11.35bn in 1Q22, accounting for 53.9% of total revenue. The number of advertisers surged 60% YoY. The revenue from providing advertising services to its e-commerce merchants increased, and successful event operations in Winter Olympics and Chinese New Year drove up number of brand advertisers on its platform. Live streaming revenue however grew 8.2% YoY to Rmb7.8bn in 1Q22, slowing down from that of last year, which are affected by tightening regulations. Other services, including e-commerce, revenue surged 54.6% YoY to Rmb1.9bn, thanks to its e-commerce business. E-commerce GMV grew 47.7% YoY to Rmb175.1bn in 1Q22, among which 99% was generated from its closed-loop marketplace Kwai Shop.
- Kuaishou states that its advertising revenue growth has slowed from mid-March, and it has not seen marked improvement at the moment. Nonetheless, once the market resumes normal, the company expects its ads revenue to rebound, and gain further market share in the ads market long-term. Besides, due to logistics, warehousing and production disruption amid lockdowns, e-commerce operations have been affected. As advertising and e-commerce sales are correlated, many merchants have suspended advertisements, despite slight improvement in the near-term. As branded customers are more sensitive to macro economy, near-term branded businesses are affected.
- We expect the pandemic to drag advertising and e-commerce revenue in 2Q22. Looking at higher user engagement and market share in ads market 1Q22, we believe Kuaishou's revenue to rebound post-pandemic, which is expected in 3Q22 at the earliest. Earnings turnaround timing may postpone on pandemic and macro factors, and market now expects turnaround in 2024. Kuaishou now trades at 2.3x 2022F PE, below its average of 5.6x since listing. We expect share price to rebound upon better-than-expected 1Q22 results, and further upside weighs on pandemic and macro-economic development. We thus suggest investors to engage on share pullback.

Analyst: Christopher Ho

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	55.52	55.09	81.71
<b>Balance as % of Quota Amount</b>	106.8	105.9	97.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
MEITUAN-W	3690	580,285,190	972,850,686	1,553,135,876
TENCENT	700	695,953,700	767,164,620	1,463,118,320
CHINA MOBILE	941	1,130,449,225	168,917,175	1,299,366,400
GREATWALL MOTOR	2333	498,831,920	447,291,830	946,123,750
BYD COMPANY	1211	332,062,400	297,266,071	629,328,471
GEELY AUTO	175	297,091,520	249,970,080	547,061,600
GCL TECH	3800	433,817,700	106,165,650	539,983,350
CHINA TELECOM	728	201,763,900	172,405,260	374,169,160
KUAISHOU-W	1024	190,777,885	166,139,110	356,916,995
XPENG-W	9868	247,460,510	108,835,095	356,295,605

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	459,690,540	495,728,220	955,418,760
MEITUAN-W	3690	481,248,760	344,141,680	825,390,440
BYD COMPANY	1211	90,626,600	668,568,500	759,195,100
GREATWALL MOTOR	2333	333,986,130	202,313,370	536,299,500
CNOOC	883	298,186,260	233,444,640	531,630,900
LI NING	2331	221,913,275	277,110,175	499,023,450
GEELY AUTO	175	286,955,860	130,234,660	417,190,520
KUAISHOU-W	1024	148,191,420	157,862,300	306,053,720
YANKUANG ENERGY	1171	189,247,800	70,828,000	260,075,800
GAC GROUP	2238	152,012,640	59,378,260	211,390,900

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	-2.54%	338.00	67.06
MEITUAN-W	3690	-4.83%	159.60	55.35
BYD COMPANY	1211	-5.77%	254.80	37.34
JD-SW	9618	-5.26%	201.60	36.94
BABA-SW	9988	-1.76%	83.60	35.06
CHINA MOBILE	941	0.76%	52.90	27.83
GREATWALL MOTOR	2333	5.08%	12.42	27.02
GEELY AUTO	175	3.52%	14.12	20.90
KUAISHOU-W	1024	-3.94%	63.35	17.56
AIA	1299	-0.86%	77.05	15.00

## Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	1.35B	4.07B	33.17%
TENCENT	00700.HK	1.24B	6.71B	18.50%
MEITUAN-W	03690.HK	914.95M	5.54B	16.53%
JD-SW	09618.HK	914.52M	3.69B	24.76%
BABA-SW	09988.HK	805.53M	3.51B	22.98%
BYD COMPANY	01211.HK	598.28M	3.73B	16.02%
GEELY AUTO	00175.HK	547.43M	2.09B	26.19%
KUAISHOU-W	01024.HK	492.13M	1.76B	28.03%
PING AN	02318.HK	469.45M	911.06M	51.53%
GREATWALL MOTOR	02333.HK	390.89M	2.70B	14.47%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior
Mon	Hong Kong	XPeng Inc. (9868) Result		
Tue	US	May. Manufacturing PMI	57.9	59.2
		May. Services PMI	55.2	55.6
		Apr. New Home Sales	750k	763k
	Euro Zone	May. Manufacturing PMI		55.5
		May. Services PMI		57.7
	Hong Kong	Kuaishou (1024), ZTO Express (2057), Kingsoft (3888), NetEase (9999) Results		
Wed	US	Apr. Durable Goods Orders	0.6%	1.1%
	Hong Kong	Alibaba Health (241), CSPC Pharma (1093) Results		
Thu	US	FOMC Meeting Minutes (4 May)		
		1Q. GDP Annualized (QoQ)	-1.3%	-1.4%
		Initial Jobless Claims (Till May 21)		218k
		Continuing Jobless Claims (Till May 14)		1,317k
		Apr. Pending Home Sales (MoM)	-1.8%	-1.2%
	Hong Kong	Lenovo (992), Baidu (9888), Alibaba (9988) Results		
Fri	US	Apr. Wholesale Inventories (MoM)		2.3%
		Apr. Personal Income	0.5%	0.5%
		Apr. Personal Spending	0.6%	1.1%
		Apr. Retail Inventories (MoM)		2.0%
		Apr. PCE Deflator (MoM)	0.2%	0.9%
		May. University of Michigan Sentiment	59.1	59.1

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