OCBC Securities

HK MARKET

Tencent: Set to reap rewards from Didi IPO

DIGITAL ENGAGEMENT TEAM

29 JUNE 2021

TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	595.50
Latest Dividend	1.60
Dividend Ex-Date	24/5/2021
Indicated Dividend Yield	0.27%
RSI	47.93
Analysts 12M Target Price	765.51

REFINITIV STOCKREPORTS+ AVERAGE SCORE

6/10

As of 28 June 2021

Refer to page 3 for indicator components

Tencent (700 HK) Price Chart

The red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 28 June 2021 closing

KEY MARKET EVENTS

29 June
China Manufacturing PMI (Jun)

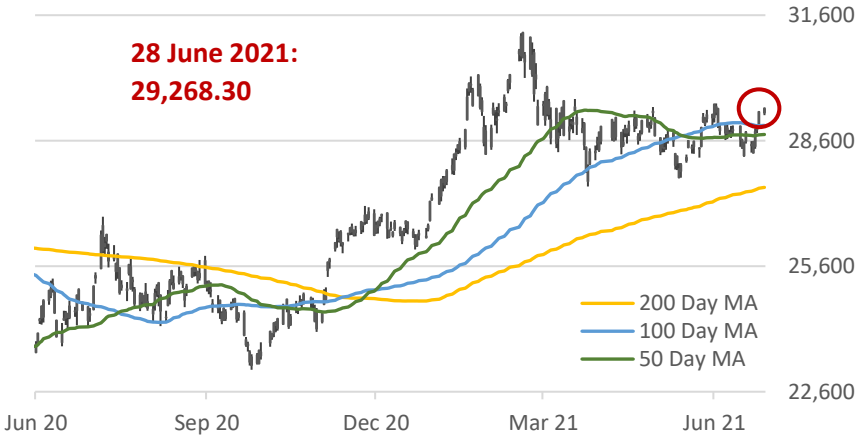
30 June
China Caixin Manufacturing PMI (Jun)

01 July
Hong Kong SAR Establishment Day

02 July
US Nonfarm Payrolls & Unemployment Rate (Jun)

05 July
US Independence Day Holiday

HSI Index Price Chart



As of 28 June 2021 closing

All data and information extracted from Bloomberg as of 28 June 2021, unless otherwise stated

Headline News & Information

- Tencent Holdings Limited, through its subsidiaries, provides social networking, music, web portals, e-commerce, mobile games, Internet services, payment systems, entertainment, artificial intelligence, and technology solutions worldwide (Bloomberg)

- SoftBank, Uber, Tencent set to reap rewards from Didi IPO (11 Jun 2021, TechCrunch)
  - Didi, which counts Softbank, Uber and Tencent as major investors, plans to list 288 million American Depository Shares priced between US$13 to US$14 a piece on the New York Stock Exchange, valuing the company at more than US$60bn (24 Jun 2021, CNBC)
  - The listing is expected to price on 29 Jun 2021, and the shares to start trading on 30 Jun 2021 (24 Jun 2021, Reuters)

- Trailing rivals, Tencent short-video app pivots to movies and TV (08 Jun 2021, Caixin Global)
  - Tencent said it will reposition its Weishi app to focus on film and TV content as the short-video platform struggles to win users in an increasingly saturated domestic market dominated by Douyin and Kuaishou
  - Weishi will instead offer TV and movie clips, help to distribute Tencent's licensed content and build a system to redistribute works by other creators

- Tencent Cloud launches new data centers to meet global ambition (04 Jun 2021, Caixin Global)
  - Tencent's cloud computing arm has added four new internet data centers in Bangkok, Frankfurt, Tokyo and Hong Kong as part of ongoing efforts to widen the use of its cloud services around the world

TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Tencent's shares are up 0.8% in the past 5 days and fell 1% in the past 30 days	• 634.00 (02 Jun 2021) • 658.00 (07 Apr 2021) • 690.00 (12 Mar 2021)	• 566.50 (11 May 2021) • 533.50 (29 Dec 2020) • 502.00 (25 Sep 2020)

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Fundamental Viewpoint

An Extract from STOCKREPORTS+

TENCENT HOLDINGS (700-HK)

Software & IT Services / Software & IT Services / Online Services

REFINITIV STOCK REPORTS PLUS

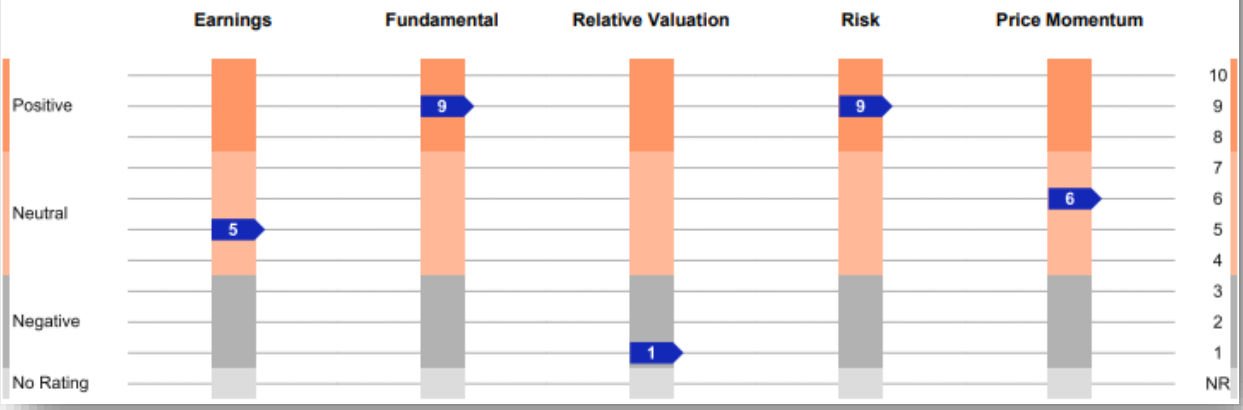
DETAILED STOCK REPORT

Report Date: 2021-Jun-28

INDICATOR COMPONENTS

AVERAGE SCORE **6**

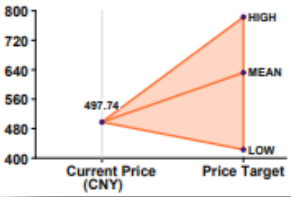
The **AVERAGE SCORE** combines the quantitative analysis of five widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, and Price Momentum. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the most favorable). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always by used to evaluate a stock.



Analyst Price Target and Recommendations

PRICE TARGET

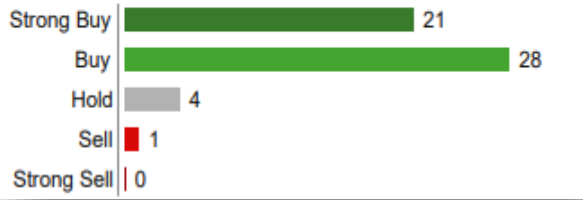
The chart indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price.



12-Month Price Target	
Mean (CNY)	632.00
High	783.00
Low	423.00
Target vs. Current	27.0%
# of Analysts	49

ANALYST RECOMMENDATIONS

I/B/E/S Mean: **Buy (54 Analysts)**



Source: REFINITIV STOCKREPORTS+, extracted 28 June 2021

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HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS — Currency in HKD

		PRICE MOMENTUM					VALUATION		FUNDAMENTAL		ANALYSTS		
Average Score	Ticker	Price (2021-06-25)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	# of Analysts
6	700	598.50	-1.9%	-1.2%	21.9%	5.7T	30.1	33.4	0.3%	35.1%	27.6%	Buy	53
5	3690	330.00	19.3%	14.8%	85.0%	1.8T	351.9	--	--	0.8%	49.0%	Buy	43
4	1024	206.80	0.6%	-22.3%	--	691.1B	--	--	--	-198.4%	--	Buy	25
1	136	6.15	-31.7%	-38.9%	282.0%	56.8B	361.8	102.5	--	5.2%	--	Strong Buy	2
3	2400	61.05	-1.9%	14.0%	96.6%	29.3B	2539.0	257.7	--	0.3%	14.0%	Buy	12
5	6988	3.08	11.6%	-5.5%	--	6.7B	37.1	17.0	--	15.0%	--	Buy	5
4	2131	6.21	-16.1%	-0.6%	--	5.0B	30.2	15.7	--	4.0%	--	Buy	1
9	543	1.77	-3.8%	29.2%	47.5%	2.0B	10.3	--	8.7%	16.7%	--	--	--
5	1739	1.70	-10.5%	-19.0%	-29.2%	2.0B	28.3	--	--	4.4%	--	--	--
4	2051	1.36	1.5%	24.8%	172.0%	1.8B	--	--	--	-602.2%	--	--	--
7	3601	2.45	-12.2%	-14.0%	-20.5%	659M	8.1	--	--	20.9%	--	--	--
4.8	Average	110.82	-4.1%	-1.7%	81.9%	757.4B	377.4	85.2	4.5%	-63.5%	30.2%	Buy	20.1

PEER COMPANIES

1024	Kuaishou Technology	2400	XD Inc
136	HengTen Networks Group	3601	360 Ludashi Holdings
1739	Qeeka Home (Cayman) Inc	3690	Meituan
2051	51 Credit Card Inc	543	Pacific Online
2131	Netjoy Holdings	6988	Joy Spreader Interactive

Source: REFINITIV STOCKREPORTS+, extracted 28 June 2021

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
	Average	**162,889**	**37582.85**	**103.73**	**57.50**	**8.00**	**5.74**	**0.51**
700 HK	TENCENT HOLDINGS LTD	736,106	595.50	26.33	33.28	6.24	7.15	0.27
MAIL LI	MAIL.RU GROUP-GDR REGS	5,333	22.28	N/A		2.03	2.14	N/A
BABA US	ALIBABA GROUP HOLDING-SP ADR	619,491	228.50	36.55	41.07	4.27	4.99	N/A
NTES US	NETEASE INC-ADR	71,661	106.80	36.39	28.78	5.40	5.00	1.12
2013 HK	WEIMOB INC	5,595	17.86	N/A		31.96		N/A
FUTR LN	FUTURE PLC	5,328	3,174.00	48.61	65.66	4.67	3.72	0.05
035420 KS	NAVER CORP	59,245	408,000.00	53.70	40.52	2.74	4.88	0.10
BIDU US	BAIDU INC - SPON ADR	71,655	202.64	24.13	21.14	1.58	1.75	N/A
4689 JP	Z HOLDINGS CORP	38,349	554.60	37.96	35.00	1.57	2.98	1.00
ROKU US	ROKU INC	57,056	430.94	559.66		23.35	19.85	N/A
JD US	JD.COM INC-ADR	121,959.42	78.23	110.21	194.56	4.14	4.90	N/A

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