

Tencent: Seeking to diversify from China to overseas gaming studios

DIGITAL ENGAGEMENT TEAM

03 MAY 2023

TRADING MATTERS SERIES: STOCK HIGHLIGHT

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

KEY METRICS	
Current Price	345.80
Latest Dividend	2.40
Dividend Ex-Date	19/5/2023
Indicated Dividend Yield	0.69%
14 Day RSI	42.09
Analysts 12M Target Price	454.04

REFINITIV STOCKREPORTS+ AVERAGE SCORE

7/10
As of 02 May 2023

Refer to page 3 for indicator components

Tencent Holdings Ltd (700 HK) Price Chart



Any 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 02 May 2023 closing

KEY MARKET EVENTS

- 08 May**
China Trade Balance (Apr)
- 10 May**
US CPI Release (Apr)
- 11 May**
China CPI Release (Apr)
- 16 May**
US Retail Sales Release (Apr)
- 23 May**
US PMI Release (May)

Hang Seng Index Price Chart



As of 02 May 2023 closing

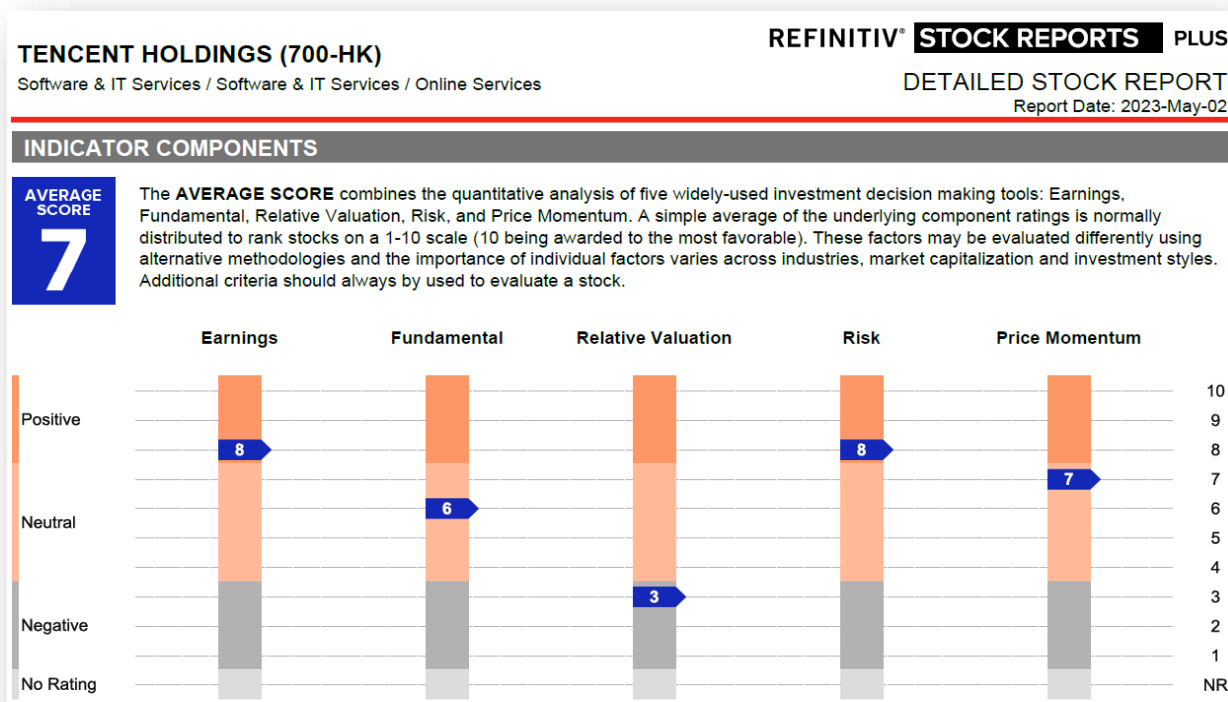
Headline News & Information

- Tencent Holdings Limited is a holding company. The company provides services including social network, music, gateway websites, e-commerce, mobile gaming, payment system, entertainment, artificial intelligence and technology solutions through its subsidiaries. Tencent Holdings serves customers worldwide (Bloomberg)
- Next earning announcement on 17 May 2023 (Bloomberg)
- The dividend ex-date is on 19 May 2023 with a dividend of HK\$2.40 (Bloomberg)
- Germany air taxi firm Lilium plans to raise US\$250 million (02 May 2023, Reuters)
 - Germany's Lilium NV said it would raise up to US\$250 million, including from its largest shareholder Tencent Holdings, to fund the development of its electric vertical take-off and landing jet
 - Tencent-affiliate Aceville Pte Ltd will get 184.2 million Lilium warrants worth US\$1 per Class A share, Lilium said
- Tencent accelerates investment in overseas gaming studios (26 Apr 2023, Financial Times)
 - Tencent is ramping up overseas investment in gaming assets, seeking to diversify away from China even as Beijing lifts punishing restrictions on the industry
 - China's largest listed company by market capitalisation is aiming to invest in or purchase gaming studios after slowing the pace of new investments towards the end of 2022 and European gaming studios are the primary target

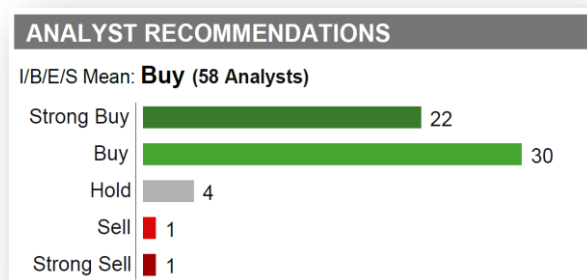
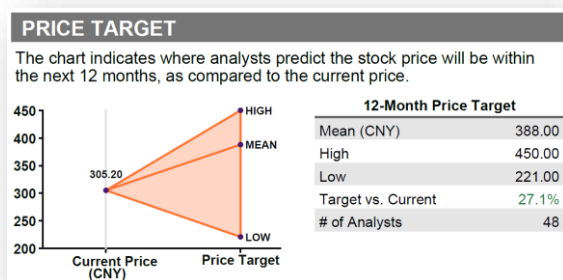
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Shares rose 0.2% in the past 5 days and are down 10% in the past 30 days	<ul style="list-style-type: none">• 358.20 (50 Day MA)• 390.00 (Apr 2023)• 415.00 (Jan 2023)	<ul style="list-style-type: none">• 311.60 (200 Day MA)• 286.00 (Dec 2022)• 247.00 (Nov 2022)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 02 May 2023

HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM					VALUATION		FUNDAMENTAL		ANALYSTS			
		Price (2023-05-02)	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	
7	700	345.80	-10.9%	-9.7%	-3.5%	3.3T	15.7	20.7	0.69%	33.9%	9.4%	Buy	58	
7	3690	132.50	-5.4%	-25.0%	-23.0%	747.3B	--	51.9	--	-3.0%	--	Buy	48	
7	2390	17.30	-16.0%	-33.2%	-35.9%	5.1B	--	--	--	-43.9%	--	Hold	3	
4	6988	0.82	-27.4%	-48.1%	-72.9%	2.2B	--	--	--	-9.1%	--	Strong Buy	4	
3	419	0.13	-8.6%	-11.8%	-17.5%	1.8B	--	--	--	-16.0%	--	--	--	
5	2392	2.67	-17.8%	-7.9%	--	1.4B	--	--	--	-3.4%	--	Buy	1	
5	543	0.80	2.6%	-3.6%	-37.0%	908M	--	--	14.3%	-0.8%	--	--	--	
4	2131	1.05	0.00%	-36.4%	-45.3%	835M	--	--	--	-5.4%	--	--	--	
2	1739	0.40	-4.8%	-4.8%	-4.8%	458M	--	--	--	-14.4%	--	--	--	
7	3601	1.41	-2.1%	-14.5%	-11.9%	382M	5.4	--	--	16.8%	--	--	--	
4	915	0.12	-4.0%	37.5%	51.3%	193M	24.0	--	--	2.0%	--	--	--	
5	Average	45.73	-8.6%	-14.3%	-20.1%	368.8B	15.1	36.3	7.5%	-3.9%	9.4%	Buy	22.8	

PEER COMPANIES			
1739	Qeeka Home (Cayman) Inc	3690	Meituan
2131	Netjoy Holdings	419	Huayi Tencent Entertainment
2390	Zhihu Inc	543	Pacific Online
2392	Xuan Wu Cloud Technology	6988	Joy Spreader Group Inc
3601	360 Ludashi Holdings	915	Daohe Global Group

Source: REFINITIV STOCKREPORTS+, extracted 02 May 2023

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		89,043	17,685.61	27.42	33.55	2.75	2.81	1.31
700 HK	TENCENT HOLDINGS	421,590	345.80	15.42	14.90	4.03	3.66	0.69
300418 CH	KUNLUN TECH CO LTD-A	11,272	65.16	77.53	58.38	6.05	2.08	N/A
BABA US	ALIBABA GROUP HOLDING-SP ADR	217,764	84.16	12.79	14.62	1.58	1.88	N/A
NTES US	NETEASE INC-ADR	57,420	89.03	20.62	21.49	3.88	3.80	1.21
3690 HK	MEITUAN-CLASS B	105,349	132.50	N/A	N/A	5.04	7.53	N/A
601360 CH	360 SECURITY TECHNOLOGY IN-A	16,510	15.97	N/A	N/A	3.54	2.13	N/A
035420 KS	NAVER CORP	23,631	193,200	38.66	38.34	1.27	1.72	N/A
BIDU US	BAIDU INC - SPON ADR	42,399	121.28	20.01	25.74	1.30	1.24	N/A
4689 JP	Z HOLDINGS CORP	19,392	349.30	14.64	33.18	0.90	1.09	1.59
GOTO IJ	GOTO GOJEK TOKOPEDIA TBK PT	8,285	103.00	N/A	N/A	0.87	N/A	N/A
JD US	JD.COM INC-ADR	55,858	35.49	19.68	61.75	1.80	2.98	1.75

Source: Bloomberg, extracted 02 May 2023 closing

DISCLAIMER

The information provided herein is a compilation or summary of materials and data based from external sources available to OCBC Securities Private Limited ("OSPL"), and does not represent OSPL's view on the matters mentioned. Whilst we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents.

Trading in capital markets products and borrowing to finance the trading transactions (including, but not limited to leveraged trading or gearing) can be very risky, and you may lose all or more than the amount invested or deposited. Where necessary, please seek advice from an independent financial adviser regarding the suitability of any trade or capital markets product taking into account your investment objectives, financial situation or particular needs before making a commitment to trade or purchase the capital markets product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the capital markets product is suitable for you. You should consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser. You should also read the relevant prospectus and/or profile statement (a copy of which may be obtained from the relevant fund manager or any of its approved distributors), prior to any trading or investment decision. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund. In relation to collective investment schemes, the value of the units and the income accruing therefrom, if any, may rise or fall. For funds that are listed on an approved exchange, investors cannot redeem their units of those funds with the manager, or may only redeem units with the manager under certain specified conditions. The listing of the units of those funds on any approved exchange does not guarantee a liquid market for the units.

No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by OSPL and it should not be relied upon as such. OSPL does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. OSPL shall not be responsible for any loss or damage howsoever arising, directly or indirectly, as a result of any person acting on any information provided herein.

The information provided herein is intended for general circulation/discussion purposes only and may not be published or circulated in whole or in part without our written consent. All trademarks, registered trademarks, product names and company names or logos mentioned herein are the property of their respective owners, and you agree that you will not do anything to infringe or prejudice those rights. Reference to any products, services, processes or other information, does not constitute or imply endorsement, sponsorship or recommendation thereof by OSPL.