

# Tencent: Regulatory pressure is easing in the video games market

DIGITAL ENGAGEMENT TEAM

15 FEBRUARY 2023

## TRADING MATTERS SERIES: STOCK HIGHLIGHT

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

KEY METRICS	
Current Price	378.60
Latest Dividend	1.60
Dividend Ex-Date	20/5/2022
Indicated Dividend Yield	0.42%
14 Day RSI	54.37
Analysts 12M Target Price	419.89

REFINITIV STOCKREPORTS+ AVERAGE SCORE
<b>5/10</b> As of 14 Feb 2023

Refer to page 3 for indicator components

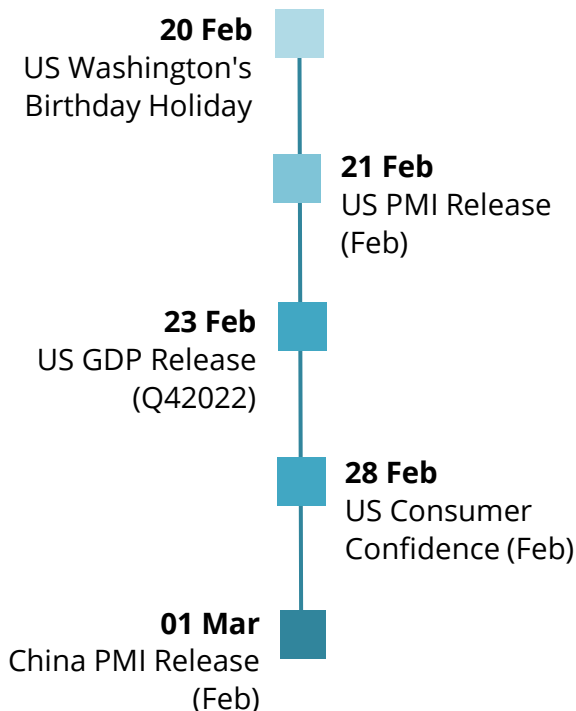
### Tencent Holdings Ltd (700 HK) Price Chart



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 14 Feb 2023 closing

### KEY MARKET EVENTS



### Hang Seng Index Price Chart



As of 14 Feb 2023 closing

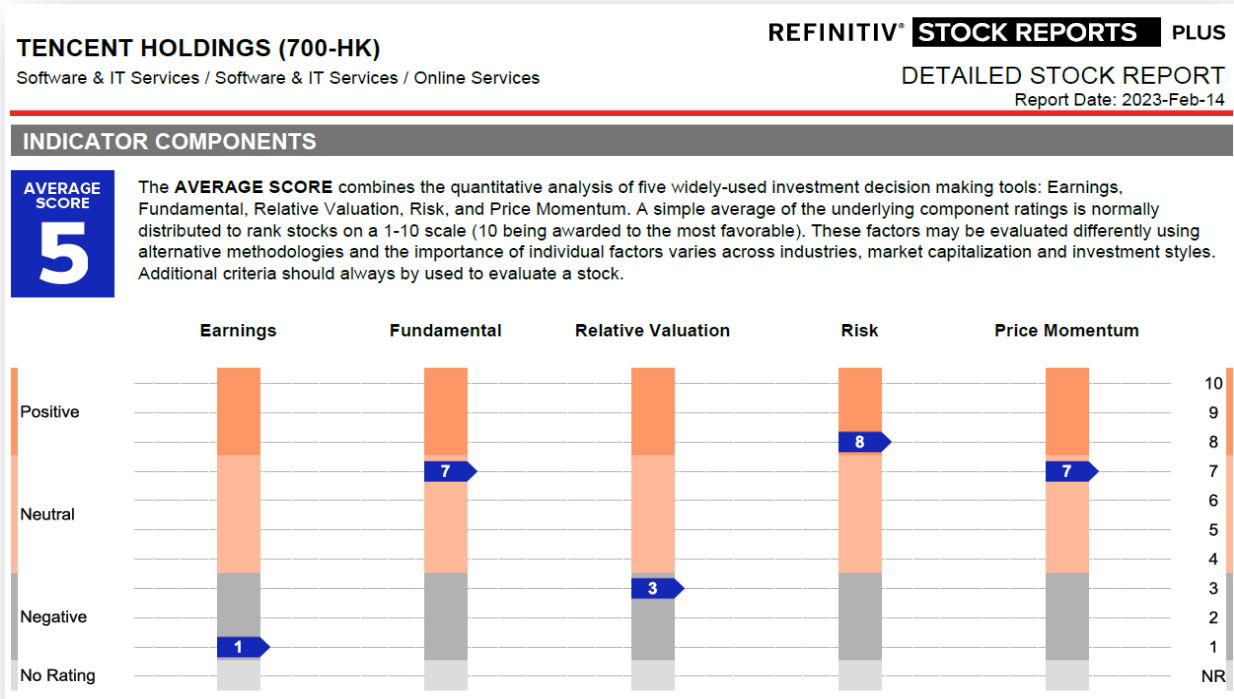
## Headline News & Information

- 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)
- Tencent plans 'Valorant' league as gaming crackdown eases (08 Feb 2023, Bloomberg)
  - Tencent is planning to launch a Valorant esports league when the hit shooter title debuts in China, one of the strongest signs yet that the country's internet giants are getting back to business after a two-year industry crackdown
  - The company has invested billions of dollars in talent agencies, streaming sites and tournament organizers to create the infrastructure necessary to turn pro gaming from a niche into an instrumental part of its growth strategy
- China approves 87 new video games including titles by Tencent and Alibaba (10 Feb 2023, Reuters)
  - China's video games regulator approved 87 new video games for the month of Feb 2023 including titles under Tencent Holdings
- Alibaba, Tencent Race to Build ChatGPT Rivals (10 Feb 2023, Nikkei Aisa)
  - China's tech giants are racing to build their own artificial intelligence (AI) chatbots, amid the global frenzy around ChatGPT
  - The report said Tencent confirmed they were working towards creating AI-centred tools to rival ChatGPT

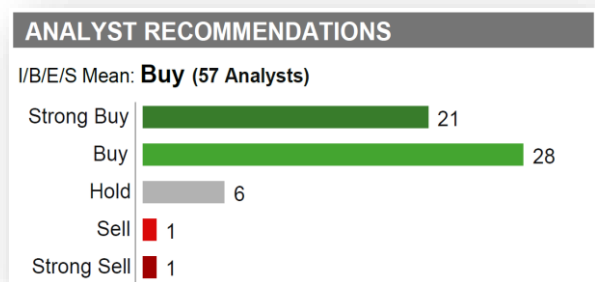
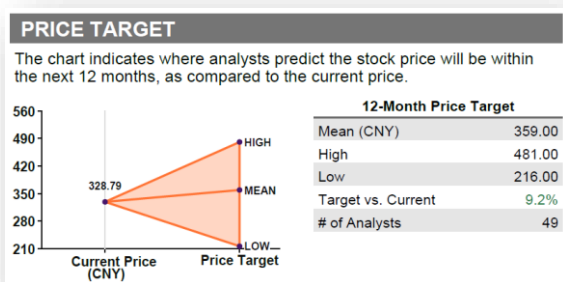
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Shares fell 0.4% in the past 5 days and are up 1.9% in the past 30 days	<ul style="list-style-type: none"><li>• 416.00 (Jan 2023)</li><li>• 460.00 (Feb 2022)</li><li>• 487.00 (Sep 2021)</li></ul>	<ul style="list-style-type: none"><li>• 343.80 (50 Day MA)</li><li>• 291.00 (Dec 2022)</li><li>• 246.00 (Nov 2022)</li></ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+



## Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 14 Feb 2023

# HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts	
		Price (2023-02-14)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
5	700	378.60	1.9%	53.0%	-15.5%	3.7T	14.5	28.6	0.42%	31.9%	10.5%	Buy	57	
5	3690	147.70	-13.7%	-5.6%	-32.7%	822.3B	--	323.9	--	-5.3%	--	Buy	48	
6	1024	62.20	-16.4%	31.9%	-30.7%	218.5B	--	--	--	-20.4%	--	Buy	46	
6	9898	181.60	14.7%	65.8%	-24.8%	26.6B	12.4	13.0	--	2.9%	-9.9%	Buy	14	
1	2400	27.50	3.0%	42.9%	0.00%	13.0B	--	--	--	-31.7%	--	Buy	17	
5	1896	8.90	-7.8%	21.9%	-4.0%	10.5B	24.7	22.7	--	5.0%	--	Buy	10	
10	777	17.66	-1.5%	24.4%	-13.2%	9.8B	8.2	6.5	4.5%	15.1%	--	Strong Buy	5	
6	2390	28.15	5.4%	79.8%	--	8.4B	--	--	--	-50.7%	--	Hold	3	
NR	0797	2.43	-0.82%	-2.0%	-4.7%	6.7B	--	--	--	58.9%	--	--	--	
2	302	2.03	2.5%	41.0%	-33.9%	5.7B	7.9	34.0	--	6.6%	--	Buy	3	
6	1137	5.36	-5.1%	-5.5%	-36.2%	5.0B	269.0	24.5	1.5%	1.3%	--	Buy	5	
5.2	Average	78.38	-1.6%	31.6%	-19.6%	435.6B	56.1	64.7	2.1%	1.3%	0.32%	Buy	20.8	

PEER COMPANIES			
0797	7Road Holdings	2400	XD Inc
1024	Kuaishou Technology	302	CMGE Technology Group
1137	Hong Kong Technology Venture	3690	Meituan
1896	Maoyan Entertainment	777	NetDragon Websoft Holdings
2390	Zhihu Inc	9898	Weibo Corp

Source: REFINITIV STOCKREPORTS+, extracted 14 Feb 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 (%)
<b>Average</b>		<b>102,779</b>	<b>20502.01</b>	<b>26.56</b>	<b>34.71</b>	<b>2.75</b>	<b>3.08</b>	<b>1.04</b>
700 HK	TENCENT HOLDINGS	461,002	378.60	17.72	15.75	4.17	3.73	0.42
3690 HK	MEITUAN-CLASS B	116,528	147.70	N/A	N/A	6.21	8.13	N/A
BABA US	ALIBABA GROUP HOLDING-SP ADR	277,435	104.79	14.96	16.37	1.99	2.09	N/A
NTES US	NETEASE INC-ADR	57,706	87.86	19.26	24.64	3.73	4.05	1.98
601360 CH	360 SECURITY TECHNOLOGY IN-A	10,674	10.18	N/A	N/A	2.29	2.06	0.98
GOTO IJ	GOTO GOJEK TOKOPEDIA TBK PT	9,304	119.00	N/A	N/A	N/A	N/A	N/A
035420 KS	NAVER CORP	29,001	224,000	45.08	38.38	1.42	1.98	0.41
BIDU US	BAIDU INC - SPON ADR	50,748	146.86	28.25	26.13	1.27	1.32	N/A
4689 JP	Z HOLDINGS CORP	22,726	393.50	15.48	44.32	1.01	1.27	1.41
GDDY US	GODADDY INC - CLASS A	12,620	81.22	33.21	38.27	N/A	N/A	N/A
JD US	JD.COM INC-ADR	82,821	52.43	38.53	73.84	2.64	3.08	N/A

Source: Bloomberg, extracted 14 Feb 2023 closing

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