



Major Market Indicators

	9 Sep	8 Sep	7 Sep
Mkt. Turn.(mm)	92,300	80,000	86,100
Stock Advances	1,147	581	565
Stock Declines	473	927	971
HSI	19,362	18,855	19,004
Change	+508	-190	+158

HSI Technical Indicators

10-days MA	19,467
50-days MA	20,229
250-days MA	22,511
14-days RSI	43.31
Primary resistance	19,600
Primary support	19,200

HSCEI Technical Indicators

10-days MA	6,670
50-days MA	6,936
250-days MA	7,861
14-days RSI	44.24
Primary resistance	6,800
Primary support	6,400

Stock Pick

CIMC Enric (03899)

Target: \$10

Stop loss: \$8.5

CIMC Enric announced revenue for 1H22 rose by 12.7% to RMB8.9bn, and Profit attributable to shareholders rose 14.6% to RMB0.43bn, EPS was Rmb 0.22. Moreover, Wins Order of RMB0.5bn for long-distance natural gas pipelines and low-temperature storage tank projects from African customers. As the EU tries to reduce its reliance on Russian pipeline gas, CIMC Enric's clean energy business is expected to benefit from changes in the global energy supply landscape.

China Overseas (0688)

Target: \$26.00

Stop loss: \$20.00

With the lower-than- expected inflation in August, the central government has the opportunity to further increase easing measures, including stimulating housing demand. The contracted sales of China Overseas in August amounted to RMB22.5bn, fell 10.1%, yet remained outperformed its peers. With the background of state-owned enterprises, the company has a higher financing ability and a stronger balance sheet when compared to its peers, and therefore be able to seize the opportunity of industry reshuffle.

Times Electric (3898)

Target: \$45.00

Stop loss: \$34.60

Times Electric recorded satisfactory interim result with revenue and net profit grew 23% and 25% yoy. The revenue of emerging business (incl. power semiconductor device and NEV electric drive system business) rose 135%. China continues to release new policies to stimulate the economy, supporting investment in infrastructure construction. Meanwhile the Group has potential to grasp the opportunities of the national carbon neutrality policy.

Market Overview

US consumer inflation expectations ease further in August, as consumers are more optimistic towards petrol prices and home prices. Consumers' inflation expectations over the next 12 months fell to 5.7 per cent in August from 6.2 per cent in July, while at the three-year horizon, the median inflation expectation declined to 2.8 percent from 3.2 percent in July. Median five-year ahead inflation expectations also declined to 2.0 percent from 2.3 percent in July. Yet, improvement is still unlikely to lead the US central bank to loosen monetary policy at its coming meeting. The central bank is expected to deliver its third consecutive 0.75 percentage point rate hike in order to combat high inflation. Fed officials have reiterated in recent weeks they will keep hiking rates to fight inflation even if it hurts economic growth.

Hong Kong Stock Connect had a net inflow of HK\$180mn on Friday, of which China Mobile (0941) had the largest net inflow, followed by Greentown China (3900). Li Auto (2015) recorded the largest net outflow, followed by Xiaomi Group (1810). Despite improving market conditions, fund flow switched from high PE stocks to defensive stocks.

Daily Focus

China Overseas (0688): Defensive nature supports its long term investment value

- The contracted sales of China Overseas in August amounted to Rmb22.5bn, fell 10.1%, yet remained outperformed its peers. According to CRIC, the monthly sales volume of the top 100 domestic real estate companies amounted to Rmb519.01bn, representing a 32.9% yoy decline. When compared to the July figure, the sales of the Company also recorded improvement on a monthly basis. The contracted sales of China Overseas in July amounted to Rmb17.4bn, fell 23%, implying that the decline has been slowed down.

China Overseas (0688): Info	
Closed price	22.9
FY22 P/E(X)	5.96
FY22 Dividend yield (%)	4.98
52 week high	27.35
52 week low	15.42
14 RSI	59.7

- Currently, the overall confidence in the sector remain weak. Investors should eye on the developers that have strong asset quality, cash flow, and profit prospects. China Overseas as a state-owned enterprise, is well positioned to withstand the economic downturn.
- At 30 June 2022, the Group's liability-to-asset ratio was 59.0% and net gearing was 41.0%. The Group continues to hold its position as a "green category" enterprise. Weighted average borrowing costs were 3.44% during the period, among the lowest in the industry. In 1H22, the Group achieved contracted property sales of Rmb138.50 billion, a decrease of 33.2% yoy, and the sales ranking rose to the fourth in the industry. During the same period, sales of the top 10 property enterprises in Mainland China decreased by 45.5% as compared to the corresponding period last year. With the background of state-owned enterprises, the company has a higher financing ability and a stronger balance sheet when compared to its peers, and therefore be able to seize the opportunity of industry reshuffle. During the period, the Group continue to search out acquisition opportunities. The Group focused on selecting the highest-quality assets in higher-tier cities and acquired equity interests in several projects in Guangzhou, Shanghai and Chengdu, with a total investment of Rmb10.66 bn. On top of that, the Group put increasing numbers of commercial projects into operation. Overall, the long term prospect of China overseas is more promising than its peers.

Analyst: Tommy Kung

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	42.39	44.12	82.80
Balance as % of Quota Amount	81.5	84.8	98.6

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	262,951,400	378,666,940	641,618,340
MEITUAN-W	3690	166,698,640	246,676,640	413,375,280
CHINA MOBILE	941	341,186,375	51,975,600	393,161,975
CNOOC	883	157,749,360	98,516,310	256,265,670
WUXIBIO	2269	66,039,025	133,642,175	199,681,200
COUNTRY GARDEN	2007	70,291,640	124,088,220	194,379,860
GEELY AUTO	175	46,341,920	146,000,300	192,342,220
CHINA SHENHUA	1088	129,469,475	61,150,775	190,620,250
CHINA TELECOM	728	125,332,480	38,018,460	163,350,940
CHINA OVERSEAS	688	93,305,550	54,811,825	148,117,375

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
KOOLEARN	1797	335,161,225	462,718,900	797,880,125
MEITUAN-W	3690	455,775,540	289,867,614	745,643,154
TENCENT	700	366,749,260	222,517,879	589,267,139
CHINA MOBILE	941	255,995,625	91,692,395	347,688,020
CNOOC	883	154,139,240	185,857,990	339,997,230
GREENTOWN CHINA	3900	272,174,600	50,131,540	322,306,140
XIAOMI-W	1810	55,466,152	248,397,668	303,863,820
BYD COMPANY	1211	203,849,900	69,088,100	272,938,000
KUAISHOU-W	1024	203,530,455	53,255,560	256,786,015
LI AUTO-W	2015	15,793,280	212,486,390	228,279,670

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	1.72%	307.00	52.44
MEITUAN-W	3690	4.90%	179.90	32.73
TRACKER FUND	2800	2.67%	20.00	31.03
BABA-SW	9988	2.98%	89.80	28.19
AIA	1299	4.33%	74.75	17.53
CHINA MOBILE	941	2.60%	51.30	16.07
PING AN	2318	5.32%	47.50	16.06
HSCEI ETF	2828	3.03%	67.98	15.92
BYD COMPANY	1211	2.50%	221.60	12.87
JD-SW	9618	3.49%	243.40	12.69

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	1.42B	3.10B	45.76%
TENCENT	00700.HK	1.20B	5.24B	22.95%
MEITUAN-W	03690.HK	931.66M	3.27B	28.46%
CSOP HS TECH	03033.HK	928.74M	1.26B	73.70%
BABA-SW	09988.HK	489.67M	2.82B	17.37%
BILIBILI-SW	09626.HK	480.54M	1.22B	39.46%
AIA	01299.HK	432.95M	1.75B	24.70%
JD-SW	09618.HK	419.32M	1.27B	33.05%
CHINA OVERSEAS	00688.HK	324.63M	698.37M	46.48%
PING AN	02318.HK	319.47M	1.61B	19.89%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	Market will close (Mid-Autumn Festival)		
	Hong Kong	Market will close (The day following the Chinese Mid-Autumn Festival)		
		HK Stock Connect Closed		
Tue	US	Aug. CPI (MoM)	-0.1%	0.0%
		Aug. CPI Ex Food and Energy (MoM)	0.3%	0.3%
		Aug. CPI (YoY)	8.1%	8.5%
Wed	US	Aug. PPI (MoM)	0.0%	-0.5%
		Aug. PPI Ex Food and Energy (MoM)	0.3%	0.2%
	Euro Zone	Jul. Industrial Production (MoM)	-0.7%	0.7%
Thu	US	Initial Jobless Claims (Till Sep 10)		222k
		Continuing Jobless Claims (Till Sep 3)		1,473k
		Aug. Retail Sales Ex Auto (MoM)	0.0%	0.4%
		Sep. Philadelphia Fed Manufacturing Index	2.0	6.2
		Aug. Industrial Production (MoM)	0.2%	0.6%
	Euro Zone	Jul. Trade Balance		-24.6b
	UK	BOE Monetary Policy Meeting		
Fri	US	Sep. University of Michigan Sentiment	59.3	58.2
	Euro Zone	Aug. CPI (YoY)	9.1%	9.1%
	China	Aug. Industrial Production (YoY)	3.8%	3.8%

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