



Major Market Indicators

	28 Oct	27 Oct	26 Oct
Mkt. Turn.(mm)	124,600	122,900	130,800
Stock Advances	313	854	1,065
Stock Declines	1,328	680	507
HSI	14,863	15,428	15,318
Change	-565	+110	+152

HSI Technical Indicators

10-days MA	15,849
50-days MA	18,020
250-days MA	21,462
14-days RSI	24.28
Primary resistance	15,000
Primary support	14,600

HSCEI Technical Indicators

10-days MA	5,380
50-days MA	6,157
250-days MA	7,455
14-days RSI	25.61
Primary resistance	5,400
Primary support	5,000

Stock Pick

Swire A(0019)

Target: \$75.0

Stop loss: \$52.0

Swire's business is mainly divided into rental business, beverage and aviation, and we believe that these three core businesses are gradually improving. With the loosening quarantine requirement, the retail market is expected to recover, which support to the revaluation of shopping malls. The sales of Coca-Cola is expected to bottom out considering lower covid-19 cases in China. Easing travel quarantine restrictions will help boost demand for business and tourism travel. Cathay Pacific can return to balance of payments as soon as the 2H22.

China Railway (0390)

Target: \$4.6

Stop loss: \$3.5

The Group achieved revenue of RMB560.6bn, a YoY increase of 12.5%, in which, revenue from Infrastructure Construction segment amounted to RMB495.9bn, representing 88.4% of the revenue. Profit for the period attributable to the owners of the Company amounted to RMB15.1bn, representing a yoy increase of 15.5%. The value of new contracts of the Group in 1H22 was RMB1,211.94bn, representing a yoy increase of 17.2%. Looking forward, China has the opportunity to further support the development of the infrastructure industry to stimulate the economy.

China Telecom (0728)

Target: \$3.4

Stop loss: \$2.4

China Telecom's 3Q operating income was RMB 360.9bn, an increase of 9.6% yoy, outperforming the industry growth rate. Net Profit (excluding one-off factor) was RMB24.543bn, an increase of 12.0% yoy. The number of 5G package subscribers reached approximately 251mn with a net addition of 63.2mn, while the penetration rate reached 64.4%. The mobile ARPU amounted to RMB45.5. In terms of dividend distribution, the company promised to increase the dividend payout ratio to 70% in 23FY. The Company distributes an interim dividend of RMB0.12 per share for the first time. Together with the final dividend of last year, the TTM dividend yield reaches 12%.

Market Overview

China's four major domestic banks announced their third-quarter results. China Construction Bank (939), Bank of China (3988), ICBC (1398) and Agricultural Bank of China (1288) saw their net profit increase by 8.6%, 4.8%, 6.7% and 6.4% year-on-year respectively. Among the large domestic banks, China Merchants Bank (3968) and Postal Savings Bank (1658) maintained double-digit growth in net profit, up 15.6% and 14.5% respectively, YoY.

Hong Kong Stock Connect had a net inflow of 4.28 billion yuan on Friday, of which WuXi Biologics (2269) had the largest net inflow, reaching 1.09 billion Hong Kong dollars, followed by Tencent (700). Kuaishou-W (1024) recorded the largest net outflow at HK\$220 million, followed by CNOOC (883).

Daily Focus

China Telecom (0728): Defensive nature being attractive in current market

- MIIT released the economic operation of the telecommunications industry in the first three quarters of 2022, showing that the total revenue of telecommunications business reached nearly RMB1.2tn, an increase of 8.2% yoy. China Telecom's 3Q operating income was RMB 360.9bn, an increase of 9.6% yoy, outperforming the industry growth rate. Profit attributable to shareholders was RMB24.543bn, an increase of 5.2% yoy, while after excluding one-off factors the profit growth would be 12.0%.
- During the period, the revenue of mobile communication services of China Telecom was RMB148.367bn, increased 5.6% yoy. The total number of mobile subscribers reached approximately 390 million with a net addition of 17.46mn. The number of 5G package subscribers reached approximately 251 million with a net addition of 63.24 million, while the penetration rate reached 64.4%. The mobile ARPU amounted to RMB45.5. The growth of mobile users has partially offset the fluctuations of mobile ARPU. In terms of Wireline and Smart Family services, revenue reached RMB 89.433bn, increased 4.6% yoy.
- In terms of Industrial Digitalization, the Company strengthened sci-tech innovation and promoted the integration and innovation of various elements such as DC, network, computing power, cloud, Big Data/AI, security and greenness. Its e-Surfing Cloud secured a solid position in the front rank in terms of market share within the industry while maintaining its leading position in the government and enterprise public cloud market. The Company established a “2+4+31+X+O” resource layout, built datacentre parks in 2 regions of Inner Mongolia and Guizhou, and deployed a large number of datacentres in 4 regions, including Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macau as well as Sichuan-Shaanxi-Chongqing, which is highly consistent with hubs and nodes of the national “Eastto-West Computing Resources Transfer” project. In the first three quarters of 2022, Industrial Digitalization service revenues reached RMB85.6bn, representing a yoy increase of 16.5%. Revenue from e-Surfing Cloud continued to double.
- The company promised to increase the dividend payout ratio to 70% in 2023. The Company distributes an interim dividend of RMB0.12 per share for the first time. Together with the final dividend of last year, the TTM dividend yield reaches 12%. Having an attractive dividend yield, China Telecom is defensive in the current volatile markets.

China Telecom (00728): Info	
Closed price	2.78
FY22 P/E(X)	8.34
FY22 Dividend yield (%)	7.71
52 week high	3.22
52 week low	2.49
14 RSI	49.7

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.74	54.08	78.52
Balance as % of Quota Amount	97.6	104.0	93.5

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,464,126,080	778,485,860	2,242,611,940
WUXI BIO	2269	918,835,700	201,416,775	1,120,252,475
MEITUAN-W	3690	567,555,690	245,052,946	812,608,636
KUAISHOU-W	1024	163,456,090	254,770,989	418,227,079
CNOOC	883	115,877,580	286,218,950	402,096,530
CHINA MOBILE	941	212,561,350	181,170,900	393,732,250
CANSINO BIO	6185	215,062,010	162,237,290	377,299,300
CHINA RES POWER	836	166,951,600	118,810,680	285,762,280
BYD COMPANY	1211	176,645,900	88,377,550	265,023,450
CHINA SHENHUA	1088	87,112,175	167,771,050	254,883,225

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	1,145,226,040	782,797,480	1,928,023,520
KOOLEARN	1797	594,769,650	534,779,925	1,129,549,575
MEITUAN-W	3690	380,354,470	471,494,207	851,848,677
WUXI BIO	2269	510,106,975	140,001,950	650,108,925
KUAISHOU-W	1024	141,442,900	270,663,235	412,106,135
CANSINO BIO	6185	117,286,830	200,754,660	318,041,490
LI NING	2331	115,836,400	159,896,775	275,733,175
KINTOR PHARMA-B	9939	110,402,620	129,302,600	239,705,220
CHINA POWER	2380	138,324,350	84,290,420	222,614,770
SMIC	981	107,732,610	97,242,150	204,974,760

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover (Million)
TENCENT	700	-5.82%	200.80	82.96
TRACKER FUND	2800	-3.68%	14.94	59.08
MEITUAN-W	3690	-7.59%	121.80	56.54
HSCEI ETF	2828	-4.58%	50.84	53.44
BABA-SW	9988	-4.78%	61.75	43.14
WUXI BIO	2269	-2.39%	38.80	35.69
BYD COMPANY	1211	-9.85%	165.70	30.04
HKEX	388	-4.87%	214.80	28.59
CSOP HS TECH	3033	-5.65%	2.77	27.31
AIA	1299	-4.37%	57.95	21.85

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	3.71B	5.91B	62.82%
CSOP HS TECH	03033.HK	1.87B	2.73B	68.61%
MEITUAN-W	03690.HK	1.69B	5.65B	29.91%
HSCEI ETF	02828.HK	949.80M	5.34B	17.77%
BABA-SW	09988.HK	850.69M	4.31B	19.72%
BYD COMPANY	01211.HK	787.64M	3.00B	26.22%
PING AN	02318.HK	607.50M	1.42B	42.84%
JD-SW	09618.HK	578.01M	1.94B	29.87%
TENCENT	00700.HK	506.98M	8.30B	6.11%
XPENG-W	09868.HK	470.31M	765.41M	61.45%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	Euro Zone	Oct. CPI (YoY)	9.4%	10.0%
	China	Oct. Manufacturing PMI	49.7	50.1
Tue	US	Oct. S&P Global Manufacturing PMI	49.9	49.9
		Sep. JOLTS Job Openings	9,750k	10,053k
		Oct. ISM Manufacturing	50.0	50.9
		Pfizer (PFE), Uber (UBER) Results		
	China	Oct. Caixin Manufacturing PMI	48.5	48.1
Wed	US	Oct. ADP Employment Change	200k	208k
		FOMC Monetary Meeting (Announce in early morning on 3 Nov in HKT)		
	Euro Zone	Oct. S&P Global Manufacturing PMI	46.6	46.6
Thu	US	Sep. Trade Balance	-\$70.2b	-\$67.4b
		3Q. Nonfarm Productivity	-0.1%	-4.1%
		Initial Jobless Claims (Till Oct 29)		217k
		Continuing Jobless Claims (Till Oct 22)		1,438k
		Oct. S&P Global Services PMI	46.6	46.6
		Sep. Factory Orders	0.4%	0.0%
		Sep. Durable Goods Orders		0.4%
		Oct. ISM Services Index	55.5	56.7
		PayPal (PYPL), Starbucks (SBUX) Result		
		UK	BOE Monetary Policy Meeting	
	China	Oct. Caixin Services PMI	48.2	49.3
	Hong Kong	Lenovo (992) Result		
Fri	US	Oct. Change in Nonfarm Payrolls	200k	263k
		Oct. Unemployment Rate	3.6%	3.5%
		Oct. Average Hourly Earning (MoM)	0.3%	0.3%
	Euro Zone	Oct. S&P Global Services PMI	48.9	48.2

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