



### Major Market Indicators

	31 Oct	28 Oct	27 Oct
Mkt. Turn.(mn)	131,000	124,600	122,900
Stock Advances	524	313	854
Stock Declines	1,071	1,328	680
HSI	14,687	14,863	15,428
Change	-176	-565	+110

### HSI Technical Indicators

10-days MA	15,656
50-days MA	17,918
250-days MA	21,418
14-days RSI	23.17
Primary resistance	14,800
Primary support	14,400

### HSCEI Technical Indicators

10-days MA	5,310
50-days MA	6,122
250-days MA	7,438
14-days RSI	24.05
Primary resistance	5,200
Primary support	4,800

## Stock Pick

### Swire A(0019)

**Target: \$75.0**

**Stop loss: \$50.0**

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.

### Power Assets (0006)

**Target: \$48**

**Stop loss: \$36**

Shares of Power Assets fell sharply in September, dragged down by the plunges of British pound and the impact of higher U.S. interest rates. But the downtrend of sterling has been under controlled since UK abolished its tax cuts plan. Moreover, the Power Assets's utility business has an inflation-linked adjustment mechanism, and therefore makes it defensive in a high- inflation environment. The Group recorded 1H22 profit attributable to shareholders of HKD2,871mn, representing a yoy increase of 14%. Funds from operations amounted to HKD2.9bn, increased by 16%yoy. Having a diversified business, Power Asset is defensive in the current volatile market.

### 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

CIFI (0884), one of the leading privately-owned stocks in the Chinese real estate industry, announced today that it was unable to reach an agreement with all creditors of offshore debt which were obligated to repay within October 2022. It is expected that the market will be worried about the debt situation of other private developers today, and the Chinese property sector is expected to face huge selling pressure today.

Hong Kong Stock Connect had a net inflow of HK\$5.2bn on Monday, of which Tencent (0700) had the largest net inflow of HK\$1.7bn, followed by WuXi Biologics (2269). CNOOC (0883) had the largest net outflow with an amount of HK\$400mn, followed by Yankuang Energy (1171).

## Daily Focus

### Power Assets (0006): Defensive nature being attractive in current market

- Shares of Power Assets fell sharply in September, dragged down by the plunges of British pound and the impact of higher U.S. interest rates. But the downtrend of sterling has been under controlled since UK abolished its tax cuts plan. Moreover, the Power Assets's utility business has an inflation-linked adjustment mechanism, and therefore makes it defensive in a high- inflation environment.
- The Group has diversified investments in energy and utility-related businesses, with interests in the transmission of electricity, gas and oil, the distribution of electricity and gas, as well as the generation of energy from thermal, waste, and renewable sources. Its investments and operations span UK, Australia, New Zealand, HK, Mainland China, Thailand, the Netherlands, Canada and the US. The diversified business allow it to be resilient in a risky environment.
- The Group recorded 1H22 profit attributable to shareholders of HKD2,871mn, representing a yoy increase of 14%. Funds from operations amounted to HKD2.9bn, increased by 16% yoy. For the UK Infrastructure Portfolio, profit contribution increased 27.7% yoy to HKD1,433mn. In Australia, profit contribution increased 6.5% over the previous period to HKD671mn. The electricity distribution networks – namely SA Power Networks, Victoria Power Networks and United Energy – delivered satisfactory performance.
- The global economy remains volatile and uncertain against a backdrop of inflationary pressures and geopolitical tensions. The Group stays resilient amidst these challenging time. As the revenue and assets bases of its overseas regulatory businesses are inflation- linked, both the returns and the value of the assets could be further enhanced. Having a diversified business, Power Asset is defensive in the current volatile market.

Power Assets (0006): Info	
Closed price	37.55
FY22 P/E (X)	11.85
FY22 Dividend yield (%)	7.54
52 week high	54.90
52 week low	35.45
14 RSI	41.8

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	57.25	53.63	77.68
<b>Balance as % of Quota Amount</b>	110.1	103.1	92.5

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,627,315,750	998,022,627	2,625,338,377
WUXI BIO	2269	674,290,625	260,172,375	934,463,000
MEITUAN-W	3690	399,872,350	413,959,396	813,831,746
CNOOC	883	169,032,910	485,019,480	654,052,390
CHINA MOBILE	941	209,303,675	359,732,875	569,036,550
CHINA SHENHUA	1088	189,789,075	195,027,500	384,816,575
COSCO SHIP HOLD	1919	284,088,325	97,110,315	381,198,640
YANKUANG ENERGY	1171	97,768,900	252,836,000	350,604,900
LONGFOR GROUP	960	241,418,955	93,753,755	335,172,710
HSCEI ETF	2828	295,747,152	800,712	296,547,864

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	1,696,774,390	624,107,900	2,320,882,290
KOOLEARN	1797	631,142,875	574,045,425	1,205,188,300
MEITUAN-W	3690	485,397,700	346,567,360	831,965,060
KUAISHOU-W	1024	286,336,225	114,268,550	400,604,775
WUXI BIO	2269	160,080,925	207,801,112	367,882,037
CNOOC	883	107,524,960	195,164,950	302,689,910
CHINA SHENHUA	1088	203,247,150	68,008,225	271,255,375
CSOP HS TECH	3033	256,175,728	236,367	256,412,095
TRACKER FUND	2800	254,131,475	393,600	254,525,075
LONGFOR GROUP	960	211,035,080	41,406,905	252,441,985

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	2.39%	205.60	103.17
HSCEI ETF	2828	-1.65%	50.00	67.48
TRACKER FUND	2800	-0.80%	14.82	54.42
MEITUAN-W	3690	2.46%	124.80	51.97
BABA-SW	9988	-0.49%	61.45	40.90
CSOP HS TECH	3033	1.30%	2.81	36.10
BYD COMPANY	1211	6.04%	175.70	26.16
WUXI BIO	2269	-8.51%	35.50	25.29
HKEX	388	-2.70%	209.00	23.38
LONGFOR GROUP	960	-23.78%	10.00	20.48

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
HSCEI ETF	02828.HK	4.67B	6.75B	69.13%
TRACKER FUND	02800.HK	3.11B	5.44B	57.11%
CSOP HS TECH	03033.HK	2.39B	3.61B	66.15%
MEITUAN-W	03690.HK	661.87M	5.20B	12.74%
TENCENT	00700.HK	615.77M	10.32B	5.97%
BYD COMPANY	01211.HK	558.12M	2.62B	21.34%
PING AN	02318.HK	402.72M	1.59B	25.26%
LONGFOR GROUP	00960.HK	373.25M	2.05B	18.23%
CCB	00939.HK	320.01M	1.73B	18.54%
LI NING	02331.HK	319.43M	1.31B	24.45%

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		
Wed	China	Oct. Caixin Manufacturing PMI	48.5	48.1
	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
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			
Fri	UK	BOE Monetary Policy Meeting		
	China	Oct. Caixin Services PMI	48.2	49.3
	Hong Kong	Lenovo (992) Result		
	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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