



Major Market Indicators

	3 Nov	2 Nov	1 Nov
Mkt. Turn.(mn)	98,700	106,000	153,800
Stock Advances	479	1,042	1,183
Stock Declines	1,033	375	420
HSI	15,339	15,827	15,455
Change	-488	+372	+768

HSI Technical Indicators

10-days MA	15,348
50-days MA	17,672
250-days MA	21,300
14-days RSI	37.63
Primary resistance	15,600
Primary support	15,200

HSCEI Technical Indicators

10-days MA	5,198
50-days MA	6,036
250-days MA	7,393
14-days RSI	37.60
Primary resistance	5,400
Primary support	5,000

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 loosing 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

U.S. initial jobless claims unexpectedly fell last week, pointing to a strong labor market. Initial jobless claims fell by a seasonally adjusted 1,000 to 217,000 for the week ended Oct. 29, the Labor Department said on Thursday. Figures for the previous week were revised to show 1,000 more applicants than previously reported. Analysts polled by Reuters had expected 220,000 jobless claims in the latest week.

Hong Kong Stock Connect had a net inflow of HK\$7.6bn on Thursday, of which Tencent (700) had the largest net inflow, reaching HK\$1.24bn; followed by HSCEI (2828). Koolearn (1797) recorded the largest net outflow at HK\$157mn, followed by CansinoBio (6185).

Daily Focus

AK Medical (1789): Favored by the trend of localization

- The Group achieved revenue of RMB531.2mn, representing an increase of 18.7% yoy in 1H21. Net profit increased 13.1% yoy. Following the implementation of the nationwide volume-based procurement (VBP) policy for joint implants, the Company recorded significant growth in sales of hip and knee implants within the scope of VBP. At the same time, the company also recorded satisfactory growth in revision replacement implants and ICOS customized products and value-added surgical services, signaling the company's success in market expansion.
- The Company commercialized 3D printing technology for bone joint and spinal implants. With its advantages in 3D printing and image processing, AK Group is committed to building an innovative orthopedic customization platform. Relying on this platform, the Group cooperates with hospitals nationwide, e.g. Beijing Jishuitan Hospital, Peking University Third Hospital, Peking University People's Hospital and The First Affiliated Hospital of Chongqing Medical University, to promote the R&D, registration and popularization of relevant customized products.
- Despite a reduction in the ex-factory price of some of the Company's product lines as a result of the VBP policy, the volume of operations in the hospitals increased rapidly. At present, among all the artificial joints purchased by medical institutions, most of them are on the VBP list, indicating that the medical institutions have fulfilled their commitment to preferentially purchase and use the selected products, so that patients can really have the medical treatment at a lower price.
- At present, the overall localization rate of high-value orthopedic consumables in mainland China remain low, and leading enterprises are expected to fully benefit from the trend of industry consolidation and the trend of localization. Long-term steady growth is therefore expected for the orthopedic market.

AK Medical (1789): Info	
Closed price	8.77
FY23 P/E (X)	44.58
FY23 Dividend yield (%)	0.61
52 week high	9.38
52 week low	3.50
14 RSI	59.62

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	53.73	53.53	75.25
Balance as % of Quota Amount	103.3	103.0	89.6

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,222,333,100	495,180,261	1,717,513,361
CANSINOBIO	6185	524,878,860	569,370,280	1,094,249,140
MEITUAN-W	3690	463,017,200	259,820,470	722,837,670
HSCEI ETF	2828	477,497,144	67,763,148	545,260,292
WUXI BIO	2269	333,852,025	144,843,425	478,695,450
SMOORE INTL	6969	230,871,550	166,231,160	397,102,710
CNOOC	883	208,900,200	110,965,259	319,865,459
CSPC PHARMA	1093	113,228,920	169,715,056	282,943,976
CHINA UNICOM	762	178,992,140	99,237,720	278,229,860
WEIMOB INC	2013	139,051,650	123,435,130	262,486,780

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	907,019,000	399,159,520	1,306,178,520
KOOLEARN	1797	351,420,525	508,750,575	860,171,100
MEITUAN-W	3690	555,829,900	237,439,020	793,268,920
CANSINOBIO	6185	330,299,260	366,831,260	697,130,520
HSCEI ETF	2828	472,633,852	52,780	472,686,632
WUXI BIO	2269	343,420,200	71,244,700	414,664,900
TRACKER FUND	2800	341,114,645	21,766,740	362,881,385
CSOP HS TECH	3033	293,970,522	917,883	294,888,405
CSPC PHARMA	1093	229,809,260	39,745,923	269,555,183
COSCO SHIP HOLD	1919	168,760,870	97,813,120	266,573,990

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	-3.99%	221.40	68.75
MEITUAN-W	3690	-3.55%	141.50	38.54
BABA-SW	9988	-6.53%	63.00	36.95
HSCEI ETF	2828	-3.29%	52.40	25.79
TRACKER FUND	2800	-3.08%	15.42	22.49
CSOP HS TECH	3033	-4.05%	2.99	20.79
CANSINOBIO	6185	-34.75%	92.00	20.45
WUXI BIO	2269	-1.63%	39.25	17.26
HKEX	388	-2.71%	229.80	17.12
AIA	1299	-1.88%	62.70	14.20

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
CSOP HS TECH	03033.HK	1.22B	2.08B	58.82%
TRACKER FUND	02800.HK	1.07B	2.25B	47.36%
MEITUAN-W	03690.HK	676.59M	3.85B	17.56%
HSCEI ETF	02828.HK	582.59M	2.58B	22.59%
LI AUTO-W	02015.HK	332.73M	905.31M	36.75%
AIA	01299.HK	330.70M	1.42B	23.29%
BABA-SW	09988.HK	314.46M	3.69B	8.51%
XIAOMI-W	01810.HK	302.32M	881.39M	34.30%
JD-SW	09618.HK	278.52M	1.11B	25.05%
TENCENT	00700.HK	265.21M	6.87B	3.86%

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)		
Thu	Euro Zone	Oct. S&P Global Manufacturing PMI	46.6	46.6
	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	
Fri	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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