Investment Daily

29 November 2022

Major Market Indicators

	28 Nov	25 Nov	24 Nov
Mkt. Turn.(mn)	118,300	94,800	86,100
Stock Advances	524	741	948
Stock Declines	1,024	778	567
HSI	17,298	17,574	17,661
Change	-276	-87	+137

HSI Technical Indicators

10-days MA	17,777
50-days MA	16,963
250-days MA	20,771
14-days RSI	51.96
Primary resistance	17,500
Primary support	17,000

HSCEI Technical Indicators

10-days MA	6,045
50-days MA	5,773
250-days MA	7,184
14-days RSI	51.65
Primary resistance	6,200
Primary support	5,800

Stock Pick

China Telecom (728)

Target: $3.6	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. In terms of dividend distribution, the company promised to increase the dividend payout ratio to 70% in 2023. Having an attractive dividend yield, China Telecom is defensive in the current volatile markets.
Stop loss: $2.7	

China Res Land (1109)

Target: $43	Recent stimulus policies are positive to the entire industry, but investors should be aware that the real estate industry is still facing huge challenges, mainly because new home sales are still shrinking. State-owned enterprises have overwhelming advantages in terms of financing and buyer confidence. Overall, China Resources Land continues to capture opportunities in both residential and commercial areas, and have more investment value compared to its peers.
Stop loss: $30	

Budweiser APAC (1876)

Target: $26	Premiumization will remain the long-term growth driver for the Group. In addition, the epidemic prevention measures in the Mainland has be gradually relaxed, the sales performance in Mainland China is expected to improve. Together with the market share gain in the overseas market, the Company is expected to record volume growth and price hike.
Stop loss: $19	

Market Overview

With regard to the promulgation of the domestic real estate policy, CSRC decided to adjust and optimize five measures in terms of equity financing. These include the resumption of M&A and supporting financing of listed companies related to real estate. Qualified real estate companies are allowed to implement reorganization and listing, and the reorganization objects must be listed companies in the real estate industry. Secondly, the acquirer is also allowed to purchase real estate assets by issuing shares or cash. It is believed that these policies are beneficial to stronger Chinese property developers to raise funds to acquire real estate companies that are deeply in debt. Such policies could help avoid the deterioration of the problems in the Chinese real estate sector.

Hong Kong Stock Connect had a net inflow of HK$6.638bn on Monday, among which Tracker Fund (2800) had the largest net inflow of HK$1.85bn, followed by Hang Seng China Index (2828). Tencent (700) recorded the largest net outflow of HK$550mn; followed by HKEx (0388).

Daily Focus

China Res Land (1109): Have more investment value compared to its peers

China Res Land (1109): Info	
Closed price	33.2
FY23 P/E (X)	7.10
FY23 Dividend yield (%)	4.96
52 week high	41.05
52 week low	23.95
14 RSI	59.27

- China rolled out five measures on Monday to facilitate equity financing for real estate firms. Mergers, acquisitions, restructuring, supporting financing, and refinancing will resume for eligible listed companies in the property sector, said a spokesperson for the China Securities Regulatory Commission.
- Previously on November 13, People's Bank of China and the China Banking and Insurance Regulatory Commission announced a 16-point rescue package for the real estate market, including extending the outstanding loans of developers, encouraging trust companies to provide developers funding for mergers, acquisitions, rental properties, and retirement homes. On top of that, previously PBC grants RMB250bn, aka, the PBC-backed second arrow, to support private enterprises' bond financing, including property developers. All these measures send a positive signal to the real estate sector.
- Recent stimulus policies are positive to the entire industry, but investors should be aware that the real estate industry is still facing huge challenges, mainly because new home sales are still shrinking. For the first ten months of this year, the national investment in real estate development was RMB11.39tn, a yoy decrease of 8.8%. The total value of home sales dropped 26.1% to RMB10.88tn. Whether the real estate industry can eventually recover depends on the improvement of the sales situation, which will determine the cash flow of the developers. Investors are advised to consider financially sound state-owned enterprise developers instead.
- In 2022, the gross contracted sales achieved approx.RMB229.53bn with contracted GFA of approximately 10,453,845 square meters, down 8.3% and 27.4% yoy respectively. Although it also recorded decline in sales, the figure is obviously better than the industry average, reflecting the operational resilience of China Resources Land. State-owned enterprises have overwhelming advantages in terms of financing and buyer confidence, and are able to seize the opportunity of industry reshuffle to capture merger and acquisition opportunities. Overall, China Resources Land continues to capture opportunities in both residential and commercial areas, and have more investment value compared to its peers.

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	55.14	50.54	75.51
Balance as % of Quota Amount	106.0	97.2	89.9

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,364,504,560	941,344,325	2,305,848,885
MEITUAN-W	3690	982,972,390	462,286,970	1,445,259,360
GOME RETAIL	493	496,626,949	483,841,017	980,467,966
ICBC	1398	445,708,470	256,470,960	702,179,430
COUNTRY GARDEN	2007	400,884,950	266,009,180	666,894,130
CG SERVICES	6098	344,522,340	154,042,780	498,565,120
CCB	939	339,471,730	96,811,570	436,283,300
WUXI BIO	2269	164,508,550	221,043,832	385,552,382
LI NING	2331	154,181,800	174,979,275	329,161,075
JXR	1951	166,723,215	161,737,835	328,461,050

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	633,968,520	1,605,463,800	2,239,432,320
TRACKER FUND	2800	1,859,096,270	13,472,805	1,872,569,075
MEITUAN-W	3690	754,542,710	456,604,055	1,211,146,765
HSCEI ETF	2828	1,059,889,084	814,804	1,060,703,888
KOOLEARN	1797	367,683,100	323,356,775	691,039,875
GOME RETAIL	493	295,388,268	255,527,271	550,915,539
COUNTRY GARDEN	2007	300,140,060	216,147,140	516,287,200
CG SERVICES	6098	253,710,460	236,032,740	489,743,200
HKEX	388	108,037,420	210,545,200	318,582,620
CLOVER BIO-B	2197	153,783,040	152,296,915	306,079,955

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	-1.10%	270.00	89.32
TRACKER FUND	2800	-1.47%	17.42	78.83
MEITUAN-W	3690	2.05%	139.40	64.40
BABA-SW	9988	-3.41%	72.20	47.29
HSCEI ETF	2828	-1.49%	59.54	33.80
HKEX	388	-2.99%	279.00	25.22
AIA	1299	-3.02%	72.30	20.28
PING AN	2318	-4.56%	41.85	19.10
COUNTRY GARDEN	2007	-5.81%	2.92	17.90
JD-SW	9618	-4.33%	190.10	17.36

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	4.93B	7.88B	62.55%
HSCEI ETF	02828.HK	1.89B	3.38B	55.85%
PING AN	02318.HK	894.44M	1.91B	46.84%
CSOP HS TECH	03033.HK	850.17M	1.22B	69.91%
MEITUAN-W	03690.HK	658.87M	6.44B	10.23%
AIA	01299.HK	613.74M	2.03B	30.27%
HKEX	00388.HK	602.56M	2.52B	23.89%
BABA-SW	09988.HK	505.45M	4.73B	10.69%
TENCENT	00700.HK	470.96M	8.93B	5.27%
XL2CSOPHSTECH	07226.HK	378.24M	966.78M	39.12%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	Hong Kong	Alibaba Health (241), China Education Group (839), L'Occitane (973), H World (1179) Results		
Tue	US	Nov. Conference Board Consumer Confidence	100.0	102.5
		Hewlett Packard (HPE) Result		
	Hong Kong	Want Want (151), Bilibili (9626) Results		
Wed	US	Nov. ADP Employment Change	195k	239k
		3Q. GDP Annualized (QoQ)	2.7%	2.6%
		Oct. Retail Inventories (MoM)		0.4%
		Oct. Pending Home Sales (MoM)	-5.2%	-10.2%
		Oct. JOLTS Job Openings	10,325k	10,717k
	Euro Zone	Nov. CPI (YoY)		10.7%
	China	Nov. Manufacturing PMI	49.0	49.2
	Hong Kong	XPeng (9868), KE Holdings (2423) Results		
Thu	US	U.S. Federal Reserve Releases Beige Book		
		Oct. Personal Income	0.4%	0.4%
		Oct. Perrsonal Spending	0.8%	0.6%
		Oct. PCE Deflator (MoM)	0.4%	0.3%
		Initial Jobless Claims (Till Nov 26)		240k
		Continuing Jobless Claims (Till Nov 19)		1,551k
		Nov. S&P Global Manfacturing PMI		
		Nov. ISM Manufacturing	49.8	50.2
	Euro Zone	Nov. S&P Global Manufacturing PMI		47.3
	China	Nov. Caixin Manufacturing PMI	48.9	49.2
Fri	US	Nov. Change in Nonfarm Payrolls	200k	261k
		Nov. Unemployment Rate	3.7%	3.7%
		Nov. Average Hourly Earnings (MoM)	0.3%	0.4%

All the above named KGI analyst(s) is SFC licensed person accredited to KGI Asia Ltd to carry on the relevant regulated activities. Each of them and/or his/her associate(s) does not have any financial interest in the respectively covered stock, issuer and/or new listing applicant.

Disclaimer Some of KGI Asia Ltd. equity research and earnings estimates are available electronically on www.kgi.com.hk. Please contact your KGI representative for information. The information and opinions in this report are those of KGI Asia Ltd. internal research activity. KGI Asia Ltd. does not make any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. The information and opinions contained in this report are subject to change without any notice. No person accepts any liability whatsoever for any loss however arising from any use of this report or its contents. This report is not to be construed as an invitation or offer to buy or sell securities and/or to participate in any investment activity. This report is being supplied solely for informational purposes and may not be reproduced or published (in whole or in part) for any purpose without the prior written consent of KGI Asia Ltd.. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers and employees may from time to time have a position in any securities mentioned herein.