Dim Sum Daily
每日港股簡評

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Market Overview

Yesterday, Hong Kong stocks markets slightly advanced on the rally of financial companies, HSBC (5 HK) (+1.7%), AIA (1299 HK) (+1.5%) and Chinese bank (+1% to +2% on average). China property sector underperformed after Sunac (1918 HK) announced a HKD4.2b top-up placement plans. Its share price fell 22% and reached to 52-week lowest level. Technology companies also experienced selling pressure with "AMTX" share price fell 1% on average. The Hang Seng Index was up 27pts to 24,429pts with a daily turnover of HKD136.3b. Companies-news: (1) CITIC Sec (6030 HK) A-H shares right issues announcement, to raise RMB28b; (2) Tsingtao (168 HK) released positive profit alert for 2021.

Company News

PetroChina (857 HK)
PetroChina released positive profit alert for FY21, indicating that its FY21 net profit to be in the range of RMB90b-94b (+374 to +395% YoY). Its FY21 net profit is likely to reach a 7-year high level. Market believes the top-down oil macro recovery, coupled with bottom-up fundamental improvement in PetroChina and CNOOC (883 HK) should trigger investors to re-visit the Chinese Oils and drive a continued re-rating in 2022E.

CSCI (3311 HK)
Its management believes market has underestimated the potential demands of the Modular Integrated Construction (MIC) in Hong Kong, which should be supported by the 2021 Policy Address. It indicated that its subsidiary, Hailong, has started to supply MIC modules to the HK government, and is considering adding new capacity in Shenzhen due to strong demand. Its management foresees a potential 15% CAGR of HK government spending on infrastructure construction in the coming years. On the other hand, CSCI is also cooperating with Shenzhen government regarding new projects including low-income urban residences and government-subsidised rental homes. Valuation-wise, the name is trading at 7.2x forward PER.

Asymchem (6821 HK)
Asymchem is the second largest small molecule CDMO/CMO in China and is well positioned to capture the growing trend of global CDMO outsourcing to China, with its technology leadership and established long-term relationships with global leading biopharma/biotech companies, as well as service capability expansion into new modalities and service types. The company comprises three segments: (1) small molecule clinical stage CDMO; (2) small molecule commercial stage CMO; and (3) emerging services, including chemical macro-molecule CDMO, biologics CDMO, biosynthesis solutions, drug product and clinical CRO. Valuation-wise, the name is trading at 28.4x FY22E PER (vs. WuXi Bio (2269 HK) of 103x, Tigermed (3347 HK) of 34x, Pharmaron (3759 HK) of 54x).

Value Partners (806 HK)
The company released profit warning, indicating its FY21 net profit to decline 67% YoY to HKD450m which was due to much lower performance fess during the year. Its asset under management (AUM) was down to USD10.1b by end-Nov (vs. 2Q21 of USD13b). These results missed consensus by 46% forecast, but should be largely priced in. Yet, in the near term, it lack of upside catalysts, including sequential AUM growth.

Ming Yuan Cloud (909 HK)
Its management highlighted the ERP solution business was affected by policy and economic headwinds in 2021, which partially delayed IT spending from the real estate developers. Its management also noted that the company

would gradually transform its license-based revenue model for ERP products to subscription model, starting from smaller-sized clients. Going forward, subscription revenue would be generated from core SaaS (ERP), vertical SaaS and PaaS (Skyline platform), which still have ample room for monetization.

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