



Market Overview

Yesterday, the Hong Kong stocks markets corrected on the fall of Chinese technology companies. Alibaba-SW (9988 HK) slumped c.5%. On the other hand, Evergrande (3333 HK) and related stocks surged after the news stated that Guangdong provincial government plans to announce the debt restructuring framework of Evergrande. The Hang Seng Index was down 309pts to 24,656pts with a daily turnover of HKD124.3b. Overnight, the U.S. stocks markets saw a massive intraday reversal. The early loss was caused by uptick in political tension with Russia over the Ukraine. According to ig.com, the Hang Seng Index is expected to open c.400pts lower this morning to 24,100pts.

Sector News

China Auto

On 21 Jan, the China government issued its green consumption development plan given the country's 2030E carbon peak target. The highlights are as follow: (1) To push NEV sales and gradually remove the NEV purchase restriction in certain regions; (2) To enhance NEV infrastructure development including charging piles and hydrogen refueling stations; (3) To push forward battery swap pilot programs; (4) To push forward NEV development in rural areas; (5) To increase the NEV penetration for public vehicles. Market believes the China NEV segment will continue to obtain government supportive policies with a promising long-term growth outlook. Related stocks: BYD Co. (1211 HK), Ganfeng Lithium (1772 HK), Geely Auto (175 HK).

Company News

Cathay Pacific (293 HK)

Cathay Pacific released preliminary 2021 results, expecting the company to record a consolidated loss of c.HKD5.6b-6.1b (vs. 2020 net loss of HKD21.6b). The company explained the improvement was primarily driven by strong cargo demand, high cargo yield and load factors, together with continued focus on effective cash and cost management. Entering into 2022, due to the Hong Kong SAR Government further tightened aircrew quarantine requirements and travel restrictions, Cathay believed these measures will have a significant impact on its passenger and cargo flight capacity and expected the recent reduced capacity levels to result in an operating cash burn of HKD1b-1.5b per month from February.

Huabao Int'l (336 HK)

Its share price slumped >60% after the company announced that its chairlady, chief executive officer, executive director and controlling shareholder, Ms. Chu Lam Yiu, is currently under investigation for suspected disciplinary violations that a case filing notice of Leiyang City Supervisory Committee. Up to the date of this announcement, the company has not been provided with any details of the nature of the suspected violations of Ms. Chu that is currently being investigated. The business operation of the company remains normal.

GCL Poly (3800 HK)

The company released positive profit alert for its 2021 results, expecting the company to record a net profit of c.RMB5b (vs. 2020 net loss of RMB5.7b). The company explained the earnings growth is mainly due to (1) the photovoltaic industry witnessed continuous strong growth of market demands and increases in both sales price and volume of solar materials; (2) a significant decrease (>50% YoY) in the aggregate losses incurred by other non-solar material business segments.

Great Wall Motor (2333 HK)

GWM released its 2021 preliminary results with revenue of RMB136.1b (+32% YoY) and net profit of RMB6.78b (+26% YoY). GWM explained the increase in net profit was mainly due to the increase in the sale of automobiles. In 2021, the company firmly determined the transformation towards the global intelligent technology company, combined with electrification, intelligent technological innovation and global development, deepened category innovation and user operation, and improved system power and ecological construction. The annual sales volume has increased, the vehicle model structure has improved, and the performance has been promoted.

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