



Dim Sum Daily
每日港股简评



Market Overview

Yesterday, the Hong Kong stocks market experienced directionless with China stocks market still closed for May Labour Day Holiday. Alibaba-SW (9988 HK) shares crashed in early trading session after China's state broadcaster announced the arrest of someone sharing the surname as the e-commerce company's founder. Yet, its share price recouped losses after the report was revised to make clear it was not the company's founder. Bilibili-SW (9626 HK) slumped after the company revised down its 1Q22 guidance. The Hang Seng Index was slightly up 12pts to 21,101pts with a daily turnover of HKD106.7b.

Sector News

China Property - Weak Sales Likely to Continue

According to CRIC, China property sector recorded a 67% YoY sales decline in April on average (vs. -44%/-54% in Feb/March). The decline in sales was likely caused by the province/city lockdown for the ongoing COVID-19 spread. For the Politburo meeting last Friday, the reaffirmation on "home for living" shows the Chinese government would not allow a material jump on property prices, hence, there is a low chance of nationwide demand-side easing. Instead, market believes local governments to adjust the housing policies on "one city, one policy" basis to avoid over stimulation. In the near term, the COVID-19 lockdown is expected to continue to drag May sales, but it should start showing milder YoY decline from June onwards on potential market recovery and lower base.

Company News

Bilibili-SW (9626 HK)

Its share price corrected due to 1Q22 updates and guidance cut. Bilibili expects its 1Q22 net revenue to be at the range of RMB5b-5.1b (vs. prior guidance of RMB5.3b-5.5b) reflecting the COVID-19 resurgence nationwide and increased restrictions and province/ city lockdowns since mid-March. The company highlighted average monthly active users increased by 31% YoY to 293m while average daily active users increased by 32% YoY to 79m. Market believes the impact of lockdown to cause: (1) delay in content production; (2) scaling down in ad spending across categories; (3) postpone in offline industry events; (4) cautious spending among advertisers. Meanwhile, market expects monthly active users' growth to remain intact.

COSCO Ship Ports (1199 HK)

COSCO Ship Ports (CSP) 1Q22 revenue rose by 24% YoY due to the consolidation from Tianjin Container Terminal (TCT), currently with 51% stake (vs. previously of 16.01% stake as non-subsidiary). On a comparable basis, its 1Q22 revenue rose by 7% YoY and earnings rose by 2.6% YoY to USD74.9m. Its management provided a positive view on the contract rate hike, regardless of whether the port congestion continues and with the higher portion of contract to be renewed over 2Q-3Q22E. Its management was satisfied with CSP's equity throughput growth of 6.1% YoY in 1Q22, but maintains its full-year target of c.4% YoY growth for 2022E.

Pou Sheng (3813 HK)

Pou Sheng released a profit warning, expecting 1Q22 revenue and net profit to decline by 25% and over 70% YoY to RMB5.5b and RMB108m, respectively. The decline in earnings was mainly due to the pandemic as consumer sentiment has been deteriorated by lockdowns in some of its key regions, including Shanghai, as well as logistics disruptions, which likely also led to a sales deleveraging impact. Its 2M22 revenue declined 16.3% YoY, due in part to a high comparison base (+44.2% YoY in 2M21) and March revenue was down 43% YoY, as the Xinjiang cotton incident only emerged in late March last year while the spread of the Omicron variant was already clear by mid-March this year.

Beigene (6160 HK)

Beigene has been granted a new indication approval from China NMPA for its bispecific CD19-directed CD3 T-cell engager (BiTE) Blincyto (blinatumomab), for the treatment of adults and children with R/R pre-B-cell ALL. The market filing for this indication was submitted in March 2021, and priority review was granted in June the same year for its pediatric indication. Separately, the bevacizumab biosimilar under co-development by Beigene and Biothera (688177 CH) has been granted approval for three additional indications, including rGBM; stage III-IV epithelial ovarian, fallopian tube or primary peritoneal cancer; and persistent, recurrent or metastatic cervical cancer.

DISCLAIMERS

This Dim Sum Daily is prepared for general circulation and for information purposes only. It is not an investment research or a research recommendation, as it does not constitute substantive research or analysis. The material contained herein is intended as a general market commentary. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources believed to be reliable. However, MIB Securities (HK) Ltd, its subsidiary and affiliates (collectively, "MIB (HK)") do not independently verify such information and consequently no representation is made as to the accuracy or completeness of such information. MIB (HK) does not take responsibility for any loss occasioned by reliance placed upon the contents hereof. Any statements nonfactual in nature constitute only current opinions, which are subject to change at any time without prior notice. MIB (HK) or its officers, directors, analysts, or employees may, to the extent permitted by law, from time to time participate or invest in financing transaction with any company mentioned herein; may have positions in securities or commodities referred to herein, and may, as principal or agent, buy and sell such securities or commodities. An employee, analyst, officer, or a director of MIB (HK) may serve as a director for companies mentioned in this email. Neither the information nor opinion expressed in this email shall constitute a solicitation to buy or sell any securities. There may be instances when fundamental, technical, and quantitative opinions may not be in concert. MIB (HK) may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this email. This Dim Sum Daily is prepared for the use of MIB (HK)'s clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MIB (HK) and MIB (HK) accepts no liability whatsoever for the actions of third parties in this respect. There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. MIB (HK) recommends that you obtain the advice of your Financial Advisor regarding this or other investment in order to confirm to your financial resources and risk preference.