



Dim Sum Daily  
每日港股简评



## Market Overview

Yesterday, the Hong Kong stocks market plunged to a near 2-month low amid signs of a worsening outlook for U.S. and China economy. Shanghai authorities tightened lockdown measures on Monday, which align with President Xi's pledge to stand firm on "zero-COVID" goal. The Hang Seng Index closed at 19,633pts (-368pts) with a daily turnover of HKD143.6b. Today, china inflation data will be released; April CPI (consensus: 1.8% YoY) and April PPI (consensus: 7.7% YoY).

## Sector News

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### China Auto - In-line Weak April Data

According to CPCA, total passenger vehicle retail and wholesale sales declined 35% YoY and 46% YoY to 1,052k units and 903k units in April, respectively. The figure was largely in-line with CAAM's, while, the decline was likely due to the supply chain bottleneck in Shanghai. By brand, SAIC recorded a greater impact than the industry, recording 60% YoY decline. However, market observed there was some pressure relieved starting from the last week of April, with narrowing YoY declines for both retail and wholesale. This is likely due to an expanding resumption plan in Shanghai and loosening controls with reduced COVID-19 cases nationwide.

## Company News

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### Conch Cement (914 HK)

Its management highlighted that COVID-19 resurgence and lockdowns in Shanghai and nearby areas have adversely impacted local road transportation, operations at downstream customers and its cement and clinker shipment. Its management estimated this led to a daily shipment volume loss of 80-100kt, accounting for c.8-10% of its total shipment volume. However, the company remained its 2022E full-year self-owned cement and clinker shipment guidance at 325m tons unchanged, supported by infrastructure investments. In addition, its management stated that its recent investment in Hongji Cement in Inner Mongolia was mainly driven by the project's good asset quality, and it noted its intention to seek development opportunities in Northern China and Northeast China.

### Xiaomi-W (1810 HK)

Xiaomi-W recently announced its tender offer for giga-press equipment, signaling its plan to use the single-piece die-casting technology for NEV production. Some OEMs including Tesla and Volvo and component providers have started to apply this technology. Market is positive on the trend of the single-piece die-casting production technology, which has an edge in production efficiency and cost-savings, and believes that more OEMs and component providers will start to apply it.

### **Sunny Optical (2382 HK)**

Sunny Optical reported its April shipments: handset-lens sets (HLS) of 128.1m units (+7% MoM); handset camera modules (HCM) of 51.2m (+7% MoM); and vehicle-lens sets (VLS) of 6.3m units (+8% MoM). YTD HCM and VLS shipments slightly missed likely due to soft smartphone demand and component shortages. Its management attributed the soft camera module YoY numbers to the high base and the weak demand from the smartphone market. The results echo market's concerns over growing competition in smartphone cameras, weighing on Sunny Optical shipment and gross profit margin ahead.

### **Great Wall Motor (2333 HK)**

Great Wall Motor (GWM) April sales volume declined 41% YoY to 53k units, which was likely due to COVID-19 resurgence in Shanghai and nearby areas. The company had temporarily paused the production of Tank 300 SUV from 14 April as eight component suppliers' paused production in Shanghai, Jiangsu and Jilin provinces. GWM announced to resume Tank300 SUV production from 22 April, and hence, the company delivered sequential improvement in retail sales trend on a weekly basis in April and it also guided a sequential improvement in May.

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