



Dim Sum Daily
每日港股简评



Market Overview

Yesterday, the Hong Kong and China stocks market advanced as faster-than-expected inflation in April in China strengthened bets for further policy support to soothe the economic strain caused by COVID-19 lockdown measures. China April CPI was 2.1% YoY (vs. consensus of 1.8%), while, April PPI was 8% (vs. consensus of 7.7%). Tech names, Tencent (700 HK), Meituan-W (3690 HK), lift the Hong Kong stock markets. The Hang Seng Index gained 190pts to 19,824pts with a daily turnover of HKD126.1b. Overnight, the U.S. markets slumped as investors raise concern on flattened yield curve. According to ig.com, the Hang Seng Index is expected to open c.350pts lower this morning to c.19,500pts.

Sector News

Macau Gaming - Golden Week Performance

According to market channel check, during May Golden week holiday period, MTD average daily revenue came it at MOP200m as of 9 May 2022. Both visitation and hotel occupancy met market expectation at 27k daily average visitor per day and 59.5%, respectively. In the near term, positive sign is that the COVID-19 outbreak in Shanghai is seem to be eased with the daily number of cases trending down, yet, market believed the material border re-opening is unlikely to come until the number of confirmed cases drop to "near zero" level.

Company News

Li Auto (2015 HK)

Its share price surged after the company posted beat 1Q22 results. Its 1Q22 non-GAAP net profit was RMB477m (vs. 1Q21 net loss of RMB177m), which was 65% higher than consensus forecast. Li Auto guided 2Q22E revenue to be at the range of RMB6.2b-7b (vs. 1Q22 revenue of RMB9.6b). The volume guidance implies c.9.2k units' delivery in May and June (vs. April 4.2k units affected by COVID-19 lockdowns in Shanghai). Its management plans to launch L9 in 3Q22E, and guides to launch three new models in 2023E.

CRRC (1766 HK)

CRRC's freight train sales recorded a strong revenue rebound in 1Q22, with locomotive sales up 95% YoY and freight wagon sales up 33% YoY, while orders on hand up 33% as of 1Q22. For wind power business, the company recorded a sluggish performance in 1Q22 due to high base effect, while, the company expected 2022E full-year revenue to see modest YoY growth, with medium-to-long-term growth outlook for China's de-carbonization. For 2022E outlook, CRCC expects to see

stable performance for both revenue and margin; (2) medium-term train demand outlook remains intact; (3) accelerating business growth from wind power segment.

Anta Sports (2020 HK)

Its management noted that its retail sales trend in April worse off on a MoM basis due to COVID-19 lockdown measures. By brand, ANTA's retail sales have been less impacted than FILA given that FILA retail shop and shopping mall are located in higher-tier cities. Its management also expressed that it has not seen the need to cut orders in 2Q22E. Market remains positive on its long-term market share gain potential from its multi-brand portfolio (ANTA, FILA, Descente, Kolon Sport and Amer), yet, some analysts have revised down its earnings forecast, reflecting sales deleveraging impact, weaker consumer sentiment and updated CNY/HKD exchange rate.

Pou Sheng (3813 HK)

Pou Sheng's April sales declined by 38% YoY, narrowing 43% YoY decline in March. Yet, with stricter COVID-19 measures and lockdowns measures in April, April sales deteriorated from only 49% of 2019 level (vs. March accounted for c.57% of 2019 level). Market believed Pou Sheng weak sales was mainly due to: (1) higher exposure to higher tier cities and shopping malls than domestic brands; (2) weaker online sales as Pou Sheng shifts to control the profitability.

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