



Dim Sum Daily
每日港股简评



Market Overview

Yesterday, the Hong Kong stocks market fell to its lowest level in two months after Hong Kong dollar weakened to HKD7.85 per U.S. dollar, the weak end of the range between HKD7.75 to HKD7.85. The Hong Kong Monetary Authority intervened to defend the local currency for the first time since 2019. The intervention raises market concern on further liquidity outflows. China property sector plunged after Sunac (1918 HK) said it has to default a dollar-bond coupon before its deadline and does not expect to make payment on other notes. Tech names also suffered from selling pressure. Alibaba-SW (9988 HK) and JD-SW (9618 HK) slumped 6.5% and 7.7%, respectively. The Hang Seng Index fell 444pts to 19,380pts with a daily turnover of HKD115.6b.

Company News

Galaxy Ent. (27 HK)

The company released its 1Q22 results with revenue and adjusted EBITDA of HKD4.1b (-20% YoY) and HKD575m (-33% YoY), respectively. Of which, EBITDA level beat market expectation of HKD482m. After adjusting for good luck effect of HKD3m, its normalized 1Q22 adjusted EBITDA was HKD572m. By property, Galaxy Macau had the strong performance with adjusted EBITDA of HKD724m (-5% YoY), while, both StarWorld Macau and Broadway Macau both recorded adjusted LBITDA of HKD58m and HKD17m, respectively. As of end-March, its cash and liquid investment were HKD35b and net cash was HKD24.5b. The company have the strong and stable financial status compared with its peers. Market also believes Galaxy is likely to achieve `better-than-peers VIP segment as Galaxy runs more premium direct VIP rooms and Phase 3 development.

AAC Tech (2018 HK)

AAC Tech released its 1Q22 results as follow: (1) revenue was RMB4.89b (+14.1% YoY); (2) gross profit and gross profit margin were RMB957m (-28% YoY) and 19.5% (-11.6ppts YoY); (3) net profit amounted to RMB205m (-61.4% YoY). Its revenue grew, driven by the strong demand from overseas key customers in acoustics and haptics segment and increased contributions from optics business segments. Yet, its earnings missed consensus by c.19% on higher opex and missed margin. For 2Q22E, market expects its gross profit margin to stay at similar level as 1Q22 reflecting soft smartphone market demand and COVID-19 impact in China market.

BYD Co. (1211 HK)

On Monday (9 May), the municipal government of Changsha announced an investigation to study the environmental impact of BYD's vehicle assembly factory in the city. The investigation is due to the public complaints about air quality and health issues in the surrounding neighbourhood. Until now, BYD has not reported any production suspension as a result of the investigation. Market estimates BYD's Changsha factory has a production capacity of 300k units, accounting for c.20% of its total car-making capacity. On this investigation, market believes it is possible for BYD has to invest in its filtering system to strengthen the operating of the paint shop or have to permanently close its factory.

Wynn Macau (1128 HK)

Wynn Macau's 1Q22 results were in-line with market expectation with LBITDA of USD2m (vs. 4Q21 of nil). By segment, rolling volume declined by 10% QoQ to USD1.85b caused by closure of junket VIP room; mass market gross gaming revenue was down 14% QoQ. By property, Wynn Macau had resilient performance with LBITDA of USD7m (vs. 4Q21 LBITDA of USD16m); Wynn Palace recorded EBITDA of USD5m (vs. 4Q21 EBITDA of USD16m) driven by decline in mass market. Overall, Wynn lost 0.4ppts QoQ GGR market share to 12.2%. Its management stated that they are waiting for the release of the official gaming license tender documentation in the next 2-3 months to see what the government looks for before deciding what they will add on.

Shineway Pharm (2877 HK)

Shineway reported its 1Q22 with revenue of RMB878m (+18% YoY). By product, sales of injections, soft capsules, granules and concentrated formula granules were up 15%, 22%, -9% and 41% YoY, respectively. Of which, formula granules sales growth (41% YoY) outperformed its peers (30% YoY), likely due to market share gain. The company aimed to expand capacity to support RMB4b annual sales in 2022E.

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