



Dim Sum Daily  
每日港股简评



## Market Overview

Yesterday, China and Hong Kong stock markets tumbled on the concern of China threatens action over Pelosi's expected trip to Taiwan. Selling pressure occurred across all sectors. The Hang Seng Index slumped 476pts to 19,689pts with a daily turnover of HKD118b. Market focus continues to be U.S.-China tensions ahead of the arrival of Nancy Pelosi in Taiwan.

## Sector News

### China Online Game - Gaming Licensing Approved in Aug

On 1 Aug, NPPA released the fourth batch of 69 domestic titles, more than the 67 approvals in the third batch issued in July. It is observed that total issuance of 69 game approvals was higher than the previous three batch of approval (45/60/67 games in the first three batch). Besides, approval time frame has shortened to 20 days, from 34 days in the third batch. However, the ones granted licenses was on SME gaming companies, with no licenses granted to Tencent (700 HK) and NetEase-S (9999 HK). Market believed future regular game approvals are likely to normalize towards a monthly release schedule.

### China Auto - July Deliveries with Solid Orders

(1) Li Auto-W (2015 HK) delivered c.10k units of Li ONE in July (+21% YoY). Li Auto's new model L9 has accumulated >50k orders, suggesting a higher conversion rate vs. Li ONE in 2019. Market believed with reviving Li ONE promotional sales and L9 launches should keep Li Auto 3Q22 monthly sales at >10k units; (2) Nio-SW (9866 HK) July sales increased 27% YoY to c.10k units, consisting of c.7.5k units of ES8, ES^ and EC6 and c.2.5k units of ET7. Currently, Nio has worked closely with supply-chain partners and expects to accelerate vehicle production in the coming months; (3) XPeng-SW (9868 HK) delivered c.11.5k units (+43% YoY) in July. Overall performance beat market expectation of 10-11k units on the back of promotion events. XPeng is going to take pre-orders for the G9 in Aug, followed by the official launch in Sept. All eyes on market response on G9 launch.

## Company News

### BUD APAC (1876 HK)

Its management expressed their view as follow: (1) there is no significant change in its premium market share in China; (2) saw strong rebound for premium and above portfolio in June since the reopening in China; (3) 3Q22E volume growth depends on recent COVID-19 situation; (4) overall channel mix was split between in-home/nightlife/Chinese restaurants was 45%/15%/40%; (5) Korean markets performed encouraging with positive consumer sentiment, expecting industry

recovery and price hike in 2H22E; (6) satisfied with the new city expansion progress with 70 new city for Bud brand and 45 new city for super premium brands.

### **Jiumaojiu (9922 HK)**

The company released a profit warning for its 1H22 results, indicating that its revenue and net profit to decline by 6.1% YoY and 70.4% YoY to RMB1.89b and not less than RMB55m, respectively. The company explained the fall in earnings was caused by (1) the resurgence of COVID-19 in China; (2) the incurred additional expansion-related expenses due to Jiumaojiu's expansion plan (opened 35 Tai Er restaurants and 2 Song Chongqing Hot Pot Factory in 1H22); (3) a recognition of an unrealized net foreign exchange loss of c. RMB20.6m due to the depreciation of Renminbi. The company targeted to open 120 new openings for Tai Er and 15 for Song Chongqing Hot Pot, which is likely to weight on margins and expenses in 2H22E.

### **SJM (880 HK)**

SJM released its 2Q22 results with gross revenue, adjusted LBITDA and net loss of HKD1.66b (-39.2% YoY), HKD702m (vs. 2Q21 LBITDA of HKD474m) and HKD1.47b (vs. 2Q21 net loss of HKD1.28b), respectively. During the conference call, its management highlighted that 2Q22 daily opex was lowered to HKD15.5m due to cost-cutting measures and the Grand Lisboa Palace still has HKD1.5b capex to be paid before 3Q23E. SJM currently is evaluating plans for its 14 satellite casinos. Market believes SJM's 3Q22E loss will further worsen on the July lockdown measures. Its management expressed that Macau is at tail-end of the COVID-19 outbreak, yet, visitations will only rebound when quarantine restrictions are eased.

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