



Dim Sum Daily
每日港股简评



Market Overview

Yesterday, the Hong Kong stock markets gained on the back of tech names. Alibaba-SW (9988 HK) advanced 5% before its results announcement. Sunny Optical (2382 HK) surged 6% after news reported that Apple is likely to reply on Sunny Optical for most iPhone 14 main camera lenses. The Hang Seng Index was up 406pts to 20,174pts with a daily turnover of HKD88.9b. Companies-News: Alibaba-SW released better-than-expected results with revenue and adjusted net profit of RMB205b and RMB30.2 (vs. consensus forecast of RMB203b and RMB28b), respectively.

Sector News

Macau Gaming - Zhuhai Lifts Quarantine for Arrivals from Macau

Starting from 3 Aug, anyone leave Macau to travel to Zhuhai city is exempted from a seven-day quarantine. Meanwhile, travellers to Zhuhai will still be required to present a certificate issued within 24 hours of intended departure, showing a “negative” result for COVID-19 infection. This border opening should have limited impact on gaming demand, as the easing is expected to help essential travellers. Market eyes on whether there will be a gradually ease in coming weeks, esp. before the end-Sept, in time for Oct Golden Week.

China Auto - CPCA Preliminary July Sales Data

According to CPCA, China July auto retail sales declined 9% MoM, while wholesales recorded 3% MoM decline. Some OEMs indicated that they had production losses from the high temperature holidays. On YoY basis, retail and wholesale sales volume recorded 17% and 40% YoY growth, respectively. Total inventory level remained at healthy level given an above-seasonal 3Q22E sales and upcoming peak season in 4Q22E. Market saw there was an increasing number of new products launched since May, aiming at meeting the demand push from policy stimulus. With an increasing number of new EV model launches, market believes 2H22E sales performance to remain strong on stimulus policies and low base comparison (the chip shortage impact last year).

China Truck - July Sales Lower-than-expected

According to cvworld.cn, China July heavy duty truck (HDT) sales volume declined by 36% YoY due to sluggish demand. The MoM basis turned negative to -11% MoM, also showing a lower-than-expected demand recovery. Noted that related players, including Weichai (2338 HK) and Sinotruk (3808 HK), issued profit warning for their 1H22E results in July. Looking into 2H22E, headwinds from weaken property construction due to recent property boycotts and softer manufacturing activities remain an overhang.

Company News

SJM (880 HK)

SJM's share price slumped to 52-week lowest level after the company announced it will raise c.HKD3b by issuing c.1,420m right shares at HKD2.08 each (c.34% discount to its last closing price (3 Aug) of HKD3.14) on the basis of 1 right share for every 4 outstanding shares held on the record date. In addition, SJM also announced that its parentco, STDM, has agreed to extend to SJM a HKD2b unsecured term loan for a fixed period of 6 years with 4% interest rate each year. The right issue was a negative surprise, for most analysts' point of view as market was expecting financing support (loan) from its parentco.

BYD Co. (1211 HK)

BYD's July passenger NEV sales was up 222% YoY to c.162k units, the fifth record month in a row, which also exceeded market's expectation of 150k units and BYD's previous guidance of c.20k MoM volume increments. Its 7M22 accumulated NEV sales amounted to c.808k units (+166% YoY), accounting for c.54% of its full-year sales target of 1.5m units. Market expected there will be an upside risk with record order backlog after Seal recording another >60k orders. In addition, BYD's oversea expansion also was a key to watch. the company plans to sell EVs in Germany and Sweden, with deliveries kicking off in 4Q22E.

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