



Dim Sum Daily
每日港股简评



Market Overview

Last Friday, the Hong Kong stock markets experienced directionless as market focus on China-Taiwan tensions and the potential military conflict. Innovent (1801 HK) surged after the company released its 2Q22 operating updates and strategic collaboration with Sanofi. The Hang Seng Index was slightly up 27pts to 20,201pts with a thin daily turnover of HKD85.1b. This week, market focus will be on a series of China economic data (inflation, PPI, new yuan loan, M2 supply) and companies' results announcement.

Sector News

China Express - Traffic Volume Recovering

In June, the toll revenue of most expressways recorded 2-17% YoY growth, signaling a normalization in traffic and logistics situation after lockdown measures lifted. With COVID-19 measures eased, the traffic is expected to back normal in 2H22E. In 1H22, China highway construction investment completion amounted to RMB1.27b (+9.7% YoY). Market expected there will be positive signs for transport infrastructure fix asset investment in 2H22E, on the back of the roll out of the "National Highway Network Planning".

Company News

GAC Group (2238 HK)

GAC's July passenger vehicle sales volume amounted to c.220k units (+22% YoY). By brands, GAC-Toyota sales slowed 12% MoM growth to c.84k units, affected by lockdown measures in 2Q22 and supply chain security issue. Meanwhile, Aion and GAC-Honda recorded decent MoM growth with 138% and 25%, respectively. Looking ahead, market eyes on GAC's upcoming announcement of Aion A-round financing, Aion upcoming ramp-up situation following the recent capacity expansion and Guangzhou Autoshow in Nov.

MGM China (2282 HK)

MGM China announced its 1H22 results with revenue and LBITDA of HKD3.21b (-31.7% YoY) and HKD336m (vs. 1H21 EBITDA of HKD200m). Its 2Q22 adjusted LBITDA came in at HKD382m, which was better-than-expected LBITDA of HKD538m. The beat results was driven by a better-than-expected performance in premium segments and an increase in VIP gross gaming revenue of 6.9%. Its management stated that MGM is working on the concessional bidding process and is confident that all six current operators will be granted a renewal.

Wharf REIC (1997 HK)

In July, the company issued a profit warning for its 1H22E results, expecting a potential net loss dragged by a revaluation loss for its investment properties. The company released its 1H22 results with revenue and net loss (reflecting revaluation loss) of HKD4.42b (+3% YoY) and HKD1.46b. Stripping out c.HKD5b revaluation loss, its core net profit was up 3% YoY to HKD3.37b. Its management attributes the core earnings growth was driven by effective cost controls and better turnover rents esp. in 2Q22 after the lifting of social distancing measures and the release of government consumption vouchers. However, some analysts believed its outlook remain clouded, reflecting (1) rental downward pressure in commercial buildings; (2) a revaluation deficit of its investment properties; (3) negative rental reversion.

Innovent (1801 HK)

Two announcements: (1) Reported its 2Q22 product revenue of >RMB1b. At the end 2Q22, its commercial portfolio consisted of seven approved products, including: TYVYT®, BYVASDA®, SULINNO®, HALPRYZA®, PEMAZYRE®, NAILIKE and Cyramza®; (2) Innovent and Sanofi announced a strategic collaboration, which could establish a strategic collaboration for the clinical development and commercialization of two high-potential oncology medicines and accelerate the development and market access of innovative therapies for cancer patients in China.

DISCLAIMERS

This Dim Sum Daily is prepared for general circulation and for information purposes only. It is not an investment research or a research recommendation, as it does not constitute substantive research or analysis. The material contained herein is intended as a general market commentary. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources believed to be reliable. However, MIB Securities (HK) Ltd, its subsidiary and affiliates (collectively, "MIB (HK)") do not independently verify such information and consequently no representation is made as to the accuracy or completeness of such information. MIB (HK) does not take responsibility for any loss occasioned by reliance placed upon the contents hereof. Any statements nonfactual in nature constitute only current opinions, which are subject to change at any time without prior notice. MIB (HK) or its officers, directors, analysts, or employees may, to the extent permitted by law, from time to time participate or invest in financing transaction with any company mentioned herein; may have positions in securities or commodities referred to herein, and may, as principal or agent, buy and sell such securities or commodities. An employee, analyst, officer, or a director of MIB (HK) may serve as a director for companies mentioned in this email. Neither the information nor opinion expressed in this email shall constitute a solicitation to buy or sell any securities. There may be instances when fundamental, technical, and quantitative opinions may not be in concert. MIB (HK) may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this email. This Dim Sum Daily is prepared for the use of MIB (HK)'s clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MIB (HK) and MIB (HK) accepts no liability whatsoever for the actions of third parties in this respect. There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. MIB (HK) recommends that you obtain the advice of your Financial Advisor regarding this or other investment in order to confirm to your financial resources and risk preference.