



Dim Sum Daily
每日港股简评



Market Overview

Yesterday, Hong Kong stocks market declined despite China's official PMI manufacturing index beat. According to the National Bureau of Statistics, China's Jan official PMI rose to 50.1, ending three months of contraction and better-than-expected of 49.8. The sub-index for large enterprises stood at 52.3 in Jan (+4ppts MoM). Demand in the manufacturing market also rebounded, with the sub-index for new orders gaining 7ppts MoM to 50.9. The Hang Seng Index closed at 21,842pts (-227pts) with a daily turnover of HKD173.8b. Technically, the index is expected to have its first supportive level at its daily Bollinger Band mid-level (i.e. c.21,300pts).

Sector News

China Auto - Shanghai Extend NEV Subsidy

According to the Shanghai Municipal Government, the Shanghai government will renew trade-in subsidies till end-Jun 2023E in order to encourage the purchase of EVs. For details, individual who scrap or transfer their Shanghai-registered vehicles and purchase purely electric vehicles will receive a financial subsidy of RMB10k per vehicle. In addition to the trade-in subsidies, Shanghai also exempts the vehicle purchase tax for pure electric vehicles, plug-in hybrid vehicles and fuel cell vehicles purchased in 2023, which is in line with national policy. Market is positive on the determination of China's government to support NEV consumption through a series of stimulus policies in 2023E.

Related stocks:

BYD Co. (1211 HK, Consensus TP: HKD332.73, Buys:95%, Not rated)

Great Wall Motor (2333 HK, Consensus TP: HKD13.61, Buys:79.5%, Not rated)

Li Auto-W (2015 HK, Consensus TP: HKD134.25, Buys:100%, Not rated)

Company News

JD-SW (9618 HK, Consensus TP: HKD328.98, Buys:97.1%, Not rated)

JD.com is officially closing shop in Thailand and Indonesia by March 3 and March 31, respectively. The departure of JD.com from the two Southeast Asian countries had been expected for months. The Chinese company entered both markets through separate joint ventures, with Provident Capital in Indonesia and Central Group in Thailand. JD worldwide is recognized in new businesses segment within JD, along with Jingxi and JD Property which together accounted for less than 2.1% its revenue in 3Q22. Market believes businesses of JD e-commerce in Indonesia and Thailand are still loss making and believes this move is to prioritize cost savings and optimize over overseas

expansion. Market estimates the loss of revenue from Indonesia and Thailand to account for less than 0.5% of its total revenue, while the cost savings is likely to improve its operating profit by 2-3%.

BYD Co. (1211 HK, Consensus TP: HKD332.73, Buys:95%, Not rated)

Released its preliminary 2022 results with net profit to increase by 425%-458% YoY to RMB16b-17b, which beat consensus estimates of RMB13.2b. BYD explains the earnings growth was driven by explosive growth of new energy vehicle. For 2023E, market believes BYD is able to deliver a strong volume growth with the help of capacity ramp-up and overseas expansion. Also, market is also positive on its revenue growth from battery sales to external clients and cost competitiveness through its highly vertically integrated industry chain. In the near term, investors are advised to keep an eye on the impact and BYD's response to Tesla China's price cut.

Zijin Mining (2899 HK, Consensus TP: HKD14.80, Buys:94.4%, Not rated)

Issued the outline of Three-Year (2023-2025) plan and development goals for 2030 as follow: (1) production targets for major mineral products copper/gold/zinc/silver/lithium carbonate to reach 1.17m/90/480k/450/120k/16k tonnes in 2025E, with 11%/17%/3%/3%/-/59% compound annual growth; (2) installed capacity generated from green energy will increase from 148MW in 2022 to 900MW in 2025E; (3) aims to achieve the first 3-5 places globally in term of production volumes of mine-produced copper and mine-produced gold. The company revised up its 2025E output target for mined gold and copper by 6-11% and announced its carbon targets for the first time. Valuation-wise, the name is trading at 13.5x forward PER.

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