

## Market Overview

Yesterday, Hong Kong stocks declined, keeping the benchmark index at one-year low as Chinese property stocks weakened amid lingering Evergrande (3333 HK) concerns. Oil producers jumped as crude traded near a three-year high with PetroChina (857 HK) reached to 52-week highest level. Hong Kong property developers had a mixed performance after the release of Hong Kong government's plan for a 300 sq.km. hub bordering Shenzhen, known as Northern Metropolis. During Policy Address, Chief Executive Carrie Lam unveiled the plan to spearhead the city's future development. The Hang Seng Index corrected 137pts to 23,966pts with a thin daily turnover of HKD103.9b.

## Sector News

### Hong Kong 2021 Policy Address

Hong Kong's government has announced plans to tackle the city's acute housing crisis by building a "Northern Metropolis" along its border with mainland China, uniting existing and planned development areas to for some 2.5 million people. The development will cover "mature new towns" including Tin Shui Wai, Yuen Long, Fanling and Sheung Shui, as well as areas in different stages of development. The metropolis will cover a total area of around 300 sq.km.. In addition, some 330,000 public housing units will be built by 2032 to ease the city's worryingly long waiting time for government-owned flats. Related stocks: New World Dev (17 HK), Henderson Land (12 HK), MTR Co. (66 HK).

### China property

Out of the 22 high-tier cities with centralized land sales, 15 of them have completed the second batch auctions. Some key findings are as follow: (1) the majority of the cities required an average of 25% land deposit %, with Tier-1 cities like Shenzhen/Nanjing/Suzhou raising their above-peer requirements to even higher levels (40-50%); (2) the failure rate of auctions jumped to >30% on average (vs. 2% in the first batch), with Guangzhou/Shenyang/Chongqing high at 40-50%; (3) lower land price with the average premium over base price lowered to only 1% (vs. c.15% in the first batch). The cool-down in the land market is faster than expectation. As the deteriorating physical market would further dampen developers' landbanking capability, SOE players with strong financials are able to further gain market share under the latest situation. Related stocks: CR Land (1109 HK), COLI (688 HK), Longfor (960 HK).

### China Healthcare

Companies' updates: Akeso's (9926 HK) AK112 was approved for Ph.II clinical trials on breast cancer treatment; its AK111 completed patient enrollment for Ph.II clinical trials on the treatment of moderate to severe plaque psoriasis. Luye Pharma's (2186 HK) LY03015 was approved for clinical trials on the treatment of tardive dyskinesia (TD) and Huntington's disease (HD); its Claudin 18.2 mAb was approved for clinical trials on the treatment of advanced solid tumors. Fosun Pharma (2196 HK) initiated Ph.II trials on HER-2 mAb combined with trastuzumab and chemotherapy for the first-line treatment of gastric cancer.

## Company News

### CR Power (836 HK)

Market expects CR Power will adopt strategic management for the thermal power segment, by maintaining appropriate output to fulfill social responsibilities. Market assumes CR Power to register c.4.6k hours of utilization this year for thermal power generation. According to BNEF, CR Power has ranked no.2 among domestic green

electricity sellers in 2021. Market believes the company can further explore longer-term supply opportunities in green electricity with enterprises.

### **InnoCare-B (9969 HK)**

Market believes the weakness in its share price was mainly due to the concerns on Merck's COVID small molecule drug molnupiravir on China healthcare. Yet, InnoCare's fundamentals are expected to be no impact from this news. Market remains confidence on its potential growth, including (1) its leading position in China BTK market, with likely NRDL listing with manageable price cut in 4Q21 to drive sales pick-up in 2022E; (2) established in-house R&D capability with recent in-licensing of tafasitamab to further enrich its oncology pipeline; (3) global upside with the Biogen deal (4) expanding commercial coverage.

#### **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, Kim Eng Securities (HK) Ltd, its subsidiary and affiliates (collectively, "Kim Eng (HK)") do not independently verify such information and consequently no representation is made as to the accuracy or completeness of such information. Kim Eng (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. Kim Eng (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 Kim Eng (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. Kim Eng (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 Kim Eng (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 Kim Eng (HK) and Kim Eng (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. Kim Eng (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.