

Capital Goods

Who are buying/selling the sector?

The HK market had a strong run over the past two weeks following the dramatic policy changes announced by the Chinese government. In order to have a closer look at the sources of buying forces, we analysed ~13,000 data points of shareholdings over the past nine settlement days (23 Sep - 4 Oct on T+2 basis) for four HK-listed names under our coverage, namely **Weichai Power-H (2338 HK, BUY)**, **Zoomlion-H (1157 HK, BUY)**, **SANYI (631 HK, BUY)** and **Sinotruk (3808 HK, HOLD)**. Our analysis is based on CCASS data, which represented brokers' holdings on behalf of clients. We divided ~380 brokers into six categories: (1) Hong Kong, (2) the Chinese mainland, (3) Stock connect, (4) the US, (5) Europe and (6) other foreign brokers (excluding the US and Europe). Our results show that the trends of buying/selling forces were very different among the four stocks.

Results (23 Sep – 4 Oct):

- **Zoomlion-H:** Stock holdings were driven largely by the Stock connect with seven consecutive days of shareholding increases before the Chinese National Day holiday. On the contrary, the US / European / other foreign brokers reduced holdings between 30 Sep and 4 Oct. Stock connect was the only category that saw an increase in holdings between 23 Sep and 4 Oct (Figure 1-4).
- **Sinotruk.** Stock holdings were driven by Stock connect, European and other foreign brokers between 23 Sep and 4 Oct. HK and Mainland Chinese brokers saw decreases in holdings. However, Stock connect dropped for two consecutive days before the National Day holiday, while European and other foreign brokers sped up buying during the same period (Figure 5-8).
- **Weichai Power-H.** Stock holdings were driven by HK brokers and Stock connect between 23 Sep and 4 Oct. Meanwhile, there was a clear reduction of holdings by US / European brokers (Figure 9-12).
- **SANYI:** There was a notable increase in holdings by non-US & European foreign brokers while holdings by US brokers declined. There was no significant change in other categories (Figure 13-16).

OUTPERFORM
(Maintain)

China Capital Goods Sector

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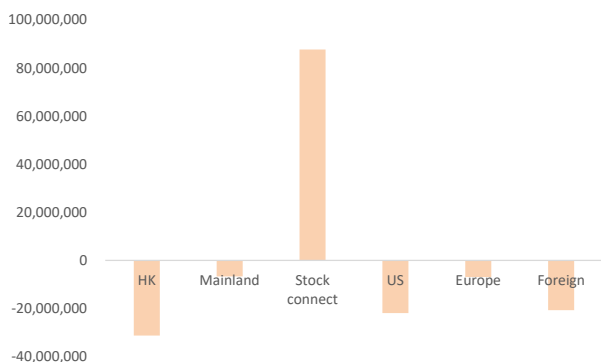
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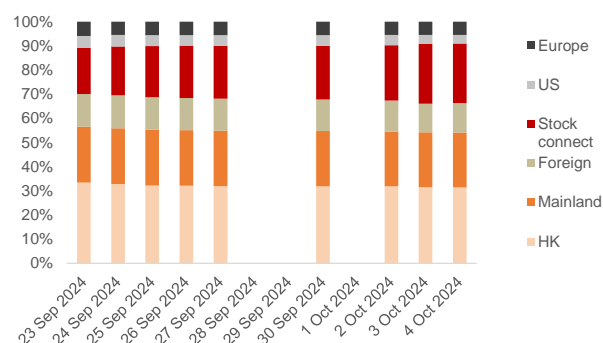
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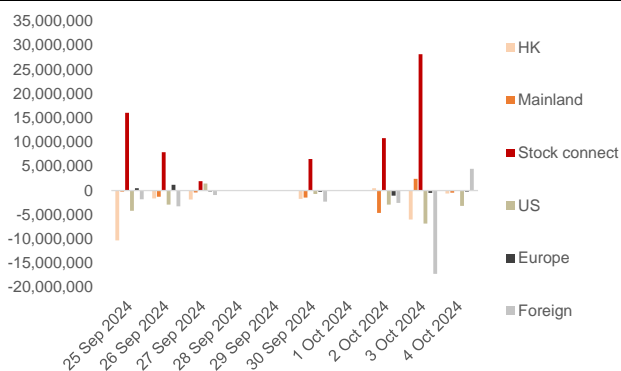
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Figure 1: Change in Zoomlion's shareholdings (23 Sep to 4 Oct)


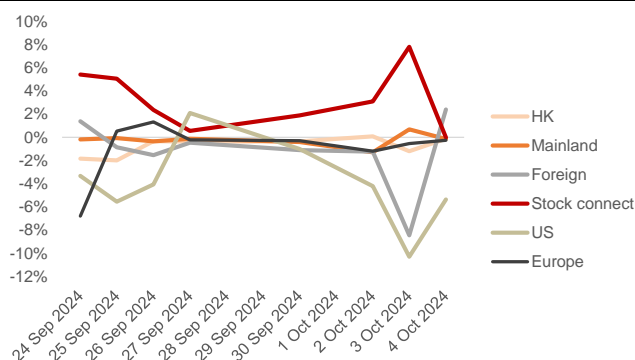
Source: CCASS, CMBIGM

Figure 2: Zoomlion's shareholdings breakdown


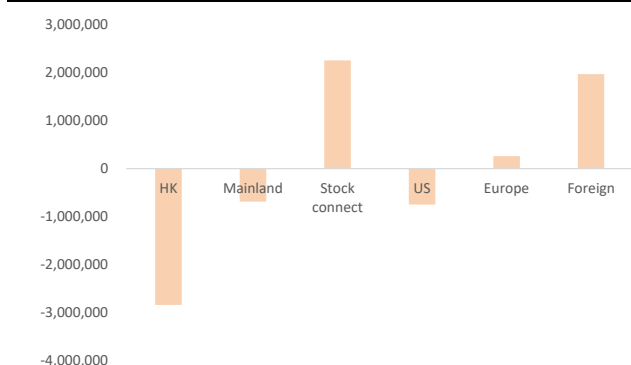
Source: CCASS, CMBIGM

Figure 3: Change in daily shareholdings (Zoomlion)


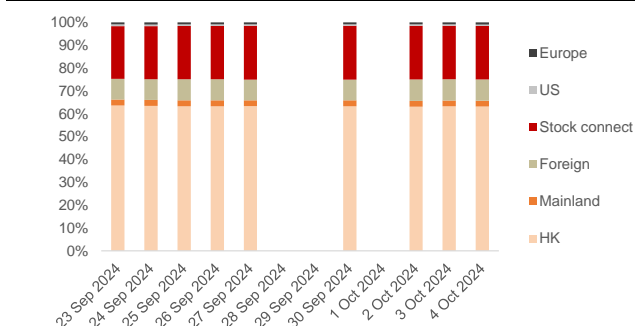
Source: CCASS, CMBIGM

Figure 4: % change in daily shareholdings (Zoomlion)


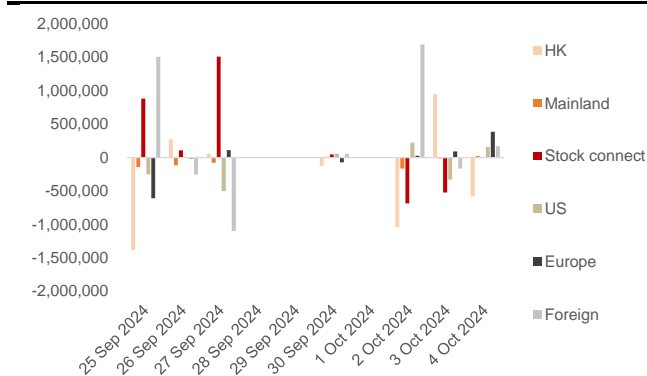
Source: CCASS, CMBIGM

Figure 5: Change in Sinotruk's shareholdings (23 Sep to 4 Oct)


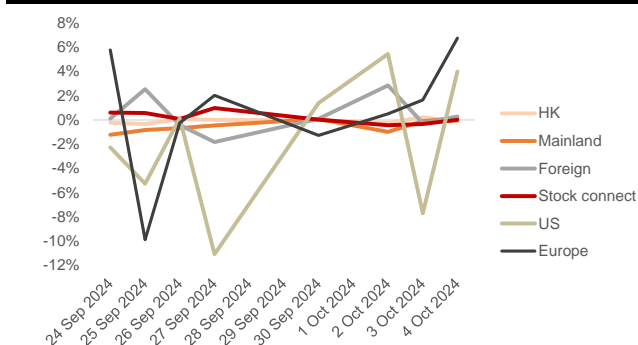
Source: CCASS, CMBIGM

Figure 6: Sinotruk's shareholdings breakdown


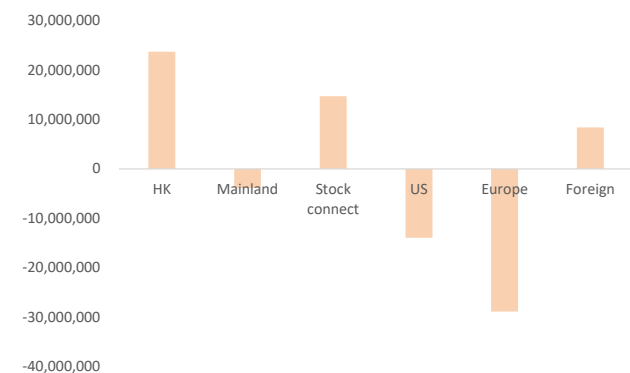
Source: CCASS, CMBIGM

Figure 7: Change in daily shareholdings (Sinotruk)


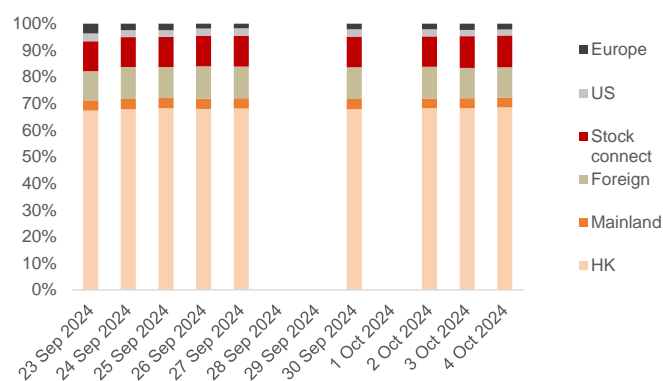
Source: CCASS, CMBIGM

Figure 8: % change in daily shareholdings (Sinotruk)


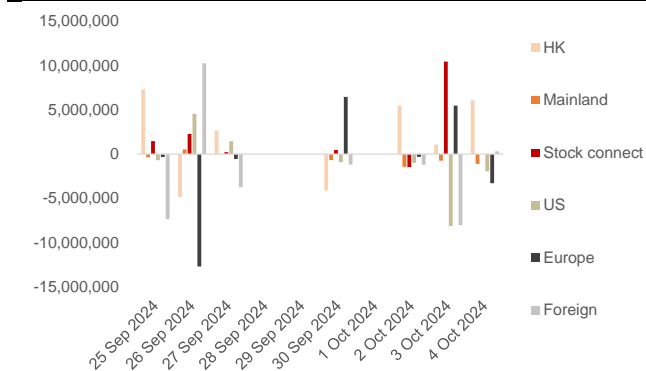
Source: CCASS, CMBIGM

Figure 9: Change in Weichai's shareholdings (23 Sep to 4 Oct)


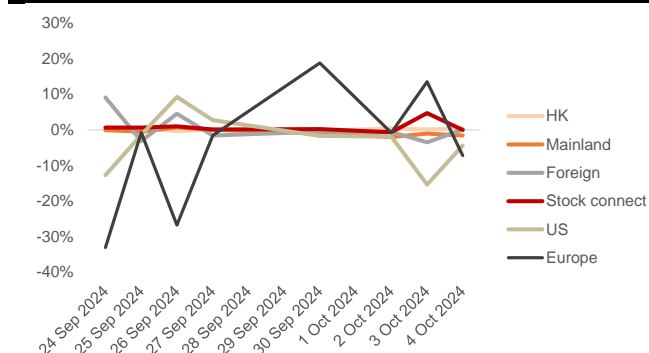
Source: CCASS, CMBIGM

Figure 10: Weichai's shareholdings breakdown


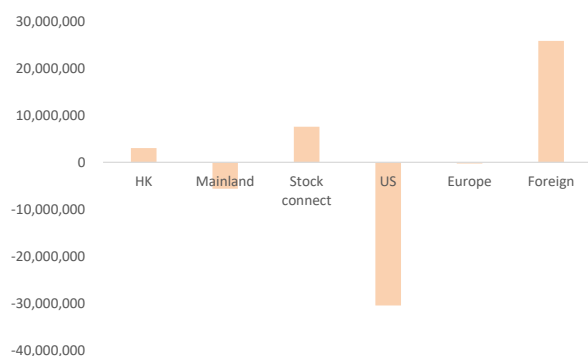
Source: CCASS, CMBIGM

Figure 11: Change in daily shareholdings (Weichai)


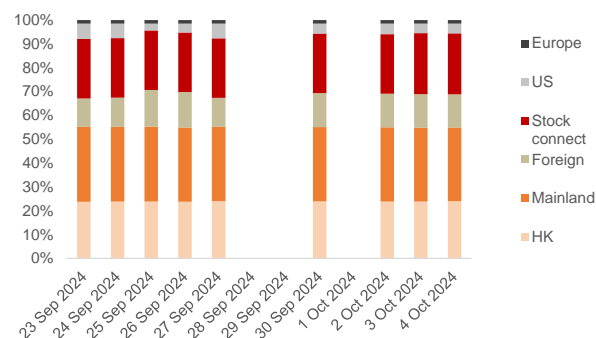
Source: CCASS, CMBIGM

Figure 12: % change in daily shareholdings (Weichai)


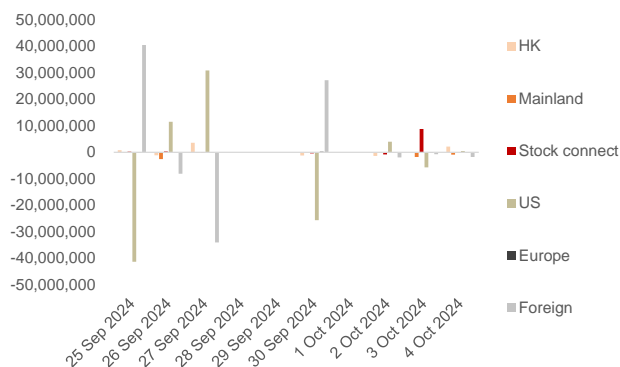
Source: CCASS, CMBIGM

Figure 13: Change in SANYI's shareholdings (23 Sep to 4 Oct)


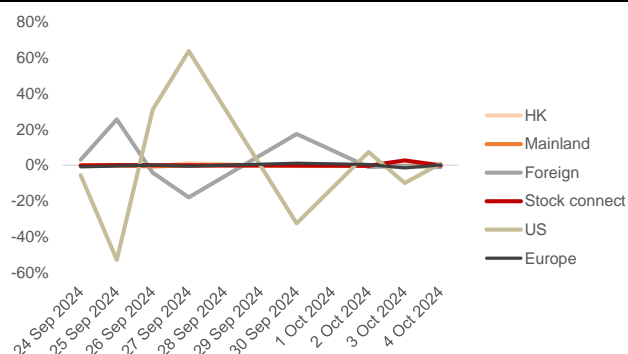
Source: CCASS, CMBIGM

Figure 14: SANYI's shareholdings breakdown


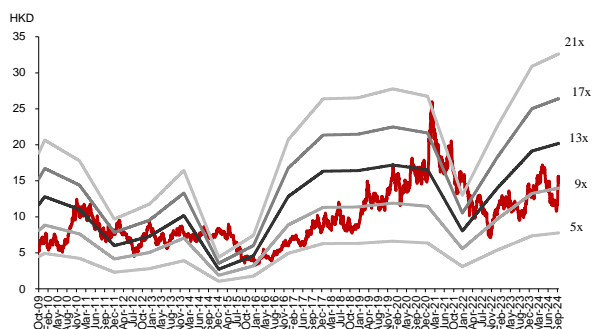
Source: CCASS, CMBIGM

Figure 15: Change in daily shareholdings (SANYI)


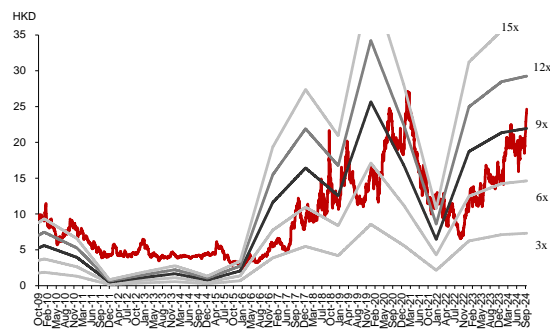
Source: CCASS, CMBIGM

Figure 16: % change in daily shareholdings (SANYI)


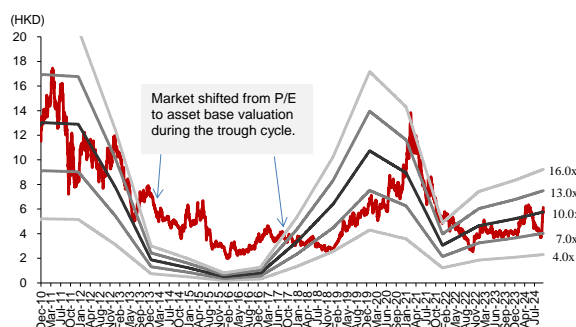
Source: CCASS, CMBIGM

Figure 17: Weichai Power-H P/E band

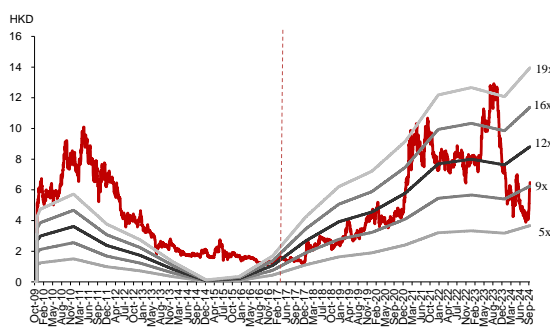
Source: Bloomberg, Company data, CMBIGM estimates

Figure 18: Sinotruk P/E band

Source: Bloomberg, Company data, CMBIGM estimates

Figure 19: Zoomlion P/E band

Source: Bloomberg, Company data, CMBIGM estimates

Figure 20: SANYI P/E band

Source: Bloomberg, Company data, CMBIGM estimates

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