



Market Overview

Yesterday, Hong Kong stock markets ended the upside for a third straight session, the rally of HSBC (5 HK), Wuxi Bio (2269 HK) offset by the decline of China auto and financial sector, while Chinese technology firms share price were mixed. The Hang Seng Index was slightly down 7pts to 23,739pts with a daily turnover of HKD129.6b. Today, a series of China economic data will be released, including Dec inflation rate YoY (consensus of 1.8%), PPI (consensus of 11.1%), new Yuan loan (consensus of RMB1,250b). According to ig.com, the Hang Seng Index is expected to open c.300pts higher this morning to psychological level 24,000pts.

Sector News

Macau Gaming

Based on market channel check, as of 9 Jan 2022, the daily gross gaming revenue (GGR) amounted to MOP266m (similar with Dec 2021 daily GGR of MOP256m). Although the MTD GGR shows gradually improves, the Omicron variant may adversely affect the planned border re-openings with Hong Kong as well as package tour visa resumption in the near term. Recently, Macau is also pulling out all stops to prevent a local Omicron outbreak. Actions include (1) Macau has re-imposed a complete 14-day ban on all international arrivals starting from 9 Jan; (2) Macau health authorities are preparing to make the scanning of QR codes mandatory for entering public and private facilities in Jan.

China Property

In the first week of Jan, both primary and secondary property market performed weak, with primary GFA sold in 36 cities down 32% WoW and down 42% YoY, while, secondary GFA sold in 10 cities declined by 37% WoW and was down 46% YoY. Inventory was marginally down 0.2% WoW, with 12-month inventory months at 13.3 (vs. 12.8 in Dec 2021). We observed a series of policies favour to the sector: (1) on 6 Jan, Jiaxing announced to further relax its Hukou (household registration) policy, to shorten the min. years of local residence requirement from 3 years to 1 year; (2) on 10 Jan, NDRC, in its Notice of "14th Five-Year Plan for Public Service", highlighted to promote the improvement of housing conditions and develop collective ownership housing.

China Coal

The latest CCTD QHD5,500 blended coal price saw a 4.1% WoW decline to RMB741/t, as of 7 Jan 2022; BSPI declined slightly by 0.5% WoW while the CCI5,500 spot coal price rose by 1.5% WoW. The NDRC announced on 31 Dec a notice on ensuring coal supply for Jan 2022, requiring the coal IPPs located in North China to improve the average coal inventory available days to no less than 30 days before the opening of the Olympic Winter Games. In addition, the NDRC guided the 2022E long-term thermal coal contract price would be based on the "basic + floating" pricing mechanism, and the basic price for 5,500kcal/kg thermal coal would be settled in a range of RMB550-850/t.

Company News

HKTV (1137 HK)

HKTV announced its business targets for 2022E: (1) targets HKD7.5-8b in GMV (on order intake), implying a mid-point growth rate of 18% YoY; (2) target to achieve the adjusted EBITDA guidance of 'not less than HKD50m'. Its management explained that it plans to achieve the 2022 GMV target mainly by increasing the purchase frequency of its c.1.3m unique customers who had purchased in 2021. On the other hand, the company plans to significantly

step up its fulfilment capabilities, and achieve a 90-95% hit rate for 2-day deliveries in 1H22E and 'next day deliveries' in 2H22E.

Pou Sheng (3813 HK)

Pou Sheng's Dec sales improved to a 24% YoY decline (vs. Nov decline of 30% YoY), achieving c.79% of 2019 level. Its 4Q21 sales recorded a 27% YoY decline. Higher-positioned shopping malls and department stores showed better improvement in traffic recovery than lower-end ones. Its management highlighted that soft traffic in shopping malls, inventory disruptions and yet to be normal marketing campaigns led to the weak 4Q21 sales. From 2H of Dec and into the first few days in Jan 2022, sales were encouraging with improving traffic and inventory supply. While retail discounts widened in August to Oct, GPM is expected to remain stable with more disciplined retail discount controls from Nov and improving inventory mix.

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