



Dim Sum Daily
每日港股简评



Market Overview

Last Friday, the Hong Kong stocks market gained on the back of several positives: (1) Beijing is in talk with U.S. regulators on the on-site audit inspection of Chinese companies listed in U.S. so as to avert risk of Chinese firms being delisted from the U.S.; (2) news stated that the meeting has started last Friday (29 April) in Beijing. China's President Xi Jinping chaired the meeting. Of which, China is planning additional stimulus to spur domestic demands. China and Hong Kong stocks market reacted positively. The Hang Seng Index advanced 813pts to 21,089pts with a daily turnover of HKD165.1b. This week, Chinese stocks market will be closed for Labour Day Holiday from Mon to Wed (2 to 4 May), meanwhile, Hong Kong stocks market closed for trading yesterday (2 May). In the near term, investors are advised to watch if the index can trade above its 20-day Moving Average (i.e. 21,200pts). If the index can trade above this level, technical trend will turn positive.

Sector News

China Auto - Passenger Car Purchase Stimulus

Last week, the Guangdong provincial government announced "numerous measures to promote local consumption" as follow: (1) offering RMB8k cash incentives to plug-in hybrid and all-electric new car buyers; (2) offering RMB10k cash incentives to plug-in hybrid and all-electric new car buyers who scrap prior vehicles; (3) the cities of Guangzhou and Shenzhen plan to provide an additional 40k car purchase quota in May and June. For individual companies, BYD Co. (1211 HK) and Zhongsheng (881 HK) have relatively high geographical exposure to Guangdong.

China Coal - Impact of Import Tariff Removal

The Customs Tariff Commission of the State Council announced the removal of import tariff for all types of coal, from 3-6% to 0%, for 1 May 2022E to 31 March 2023E. The removal of import tariff has no implication on domestic coal production expansion, yet the import reduction was implemented earlier-than-expected. Market thinks the impact of the tariff removal on china coal import to be muted, given the 50-120% price gap between the benchmark domestic and seaborne coal prices, and most major coal importers to China are on 0% tariffs. Market expects potential trade rebalancing and decelerating power demand should underpin coal price correction into later part of the year.

China Bank - 1Q22 Results Review

Several Chinese bank released their 1Q22 results as follow: (1) ICBC (1398 HK) recorded operating income of RMB226b (+5.9% YoY) and net profit of RMB90.6b (+5.7%) with annualised net interest margin of 2.1%; (2) CCB (939 HK) 1Q22 operating income and net profit were RMB200.2b (+2.5%

YoY) and RMB88.7b (+6.7% YoY); (3) PSBC (1658 HK) 1Q22 operating income and net profit amounted to RMB85.2b (+10.1% YoY) and RMB24.9b (+17.8% YoY), outpaced its peers'; (4) BankComm (3328 HK) registered 1Q22 operating income and net profit of RMB73.7b (+7.8% YoY) and RMB23.3b (+6.3% YoY), respectively.

Company News

AIA (1299 HK)

AIA reported 1Q22 value of new business (VONB) of USD853m (-18%/-19% YoY on constant/ actual exchange rates) basis. The results were largely in-line with consensus forecast. The decline in sales volume and product margin were due to lower agent productivity. By regions, China recorded positive sales volume offset product margin deterioration; Hong Kong has delivered positive NBV growth supported by both agents' channel and bancassurance channel; ASEAN and other market overall NBV decline was milder at 8%.

Stanchart (2888 HK)

Stanchart reported beat 1Q22 results with underlying profit before tax of USD1.5b (+4% YoY), much higher than consensus forecast by 38%. The earnings growth was driven by a strong revenue beat with 9% YoY. 1Q22 reported net interest income was USD1.79b (+8% YoY) with net interest margin (NIM) came at 1.29% (+19% QoQ). Looking ahead, its management expects (1) revenue to slightly exceed the previous guidance of 5-7%; (2) opex to be slightly higher than previous guidance of USD10.7b on higher performance-related pay; (3) NIM to average 1.4% in 2022E; (4) low to mid-single-digit asset growth. Valuation-wise, Stanchart is trading at 7x and 0.4x forward PER and P/B, respectively with 3% dividend yield.

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