



Dim Sum Daily
每日港股简评



Market Overview

Last Friday, the Hong Kong stock markets slumped on the fall of tech name. Hangzhou market regulator said it has summoned on-demand services giant Meituan-W (3690 HK) and Ele.me and other food delivery platform for talk over "vicious price-cutting" and poor regulation. The news raise market concern on China's tech crackdown after China has signalled an easing signal. Alibaba-SW (9988 HK), Meituan-W slumped 6% on average. The Hang Seng Index corrected 466pts to 20,155pts with a daily turnover of HKD129.6b. Yesterday, China official July manufacturing PMI was 49.0 (vs. consensus forecast of 50.4). Today, Caixin July manufacturing PMI will be released with consensus forecast of 51.5. Alibaba-SW (9988 HK) is expected to suffer selling pressure after the company put on watch list of Chinese firms that face delisting in the U.S..

Sector News

Macau Gaming - Launches Public Tender for Gaming Concessions

On 28 July, the Macau government announced that it will launch a public tender for the new round of rebidding process for a maximum of six licenses, starting from 29 July to 14 Sept. During this period, bidders are required to submit the required qualification documents, with a guaranteed deposit of at least MOP10m. The committee reiterated that the entire retendering process, including signing-off of the concession contracts, will be completed by 31 Dec 2022E. New gaming licenses should start on 1 Jan 2023E.

China Port - Improving Container Traffic in June

In June, China total port container traffic was up 6.5% (vs. May of 4.3%). The top eight ports' June traffic rose 6.4% YoY (vs. May of 4.2%). By region, Shanghai container traffic decline narrowed to -7.3% YoY (vs. May of -10.3%), indicating a further easing of supply chain disruption and sign of recovery; Ningbo's growth slowed to 11.7% YoY (vs. May of 18.7%); Shenzhen's growth surged to 40.9% YoY (vs. May of 14.5%); Guangzhou returned to positive growth of 5.3% (vs. May of -0.5%).

Company News

Pacific Basin (2343 HK)

Pacific Basin's share price surged after the company released its 1H22 results with revenue and net profit of USD1.7b (+50.8% YoY) and UBS465m (+1.9x YoY), respectively. The earnings beat consensus forecast of USD438m. In the analyst call, its management highlighted the market uncertainties on macro environment may drag the dry bulk market in the near term, including

higher inflation, Ukraine-Russia, COVID-19 disruptions in China). Yet, they remained positive on the long-term market landscape, esp. the vessel supply side. Market believes its high dividend payout likely to continue given that Pacific Basin has limited capex in the near term and its net cash position of USD68.9b.

Yum China-S (9987 HK)

Yum China reported its 2Q22 results with sales of USD2.1b (-13.2% YoY), operating profit of USD81m (-65.2% YoY). Its EPS was USD0.2, which beat consensus forecast of USD-0.01. Market believed its results sets to demonstrate strong execution and a resilient business model, even in a challenging strict COVID-19 control in China. Of which, KFC and Pizza Hut business recorded solid margins with 2Q22 margin of 13.4% and 8.6%, respectively. Looking ahead, Yum China reiterated its full-year guidance: (1) c.1,000-1,200 net new stores; (2) capital expenditure of c. USD0.8b-1b.

Hang Lung PPT (101 HK)

The company released its 1H22 results with revenue and headline net profit of HKD5.3b (+6.5% YoY) and HKD1.9b (-12.8% YoY), respectively. Excluding property revaluation loss of HKD221m, its 1H22 underlying net profit was HKD2.2b (+0.8% YoY). In China, despite facing COVID-19 lockdown measures in 4 out of the 8 cities it operates, the company recorded stable net rental income (+0.5% YoY), driven by the strong performance from its offices (+16% YoY) and continued ramp-up of Heartland 66 in Wuhan launched in March 2021 (+184% YoY). Market believed the results set we believe HLP has delivered a satisfactory set of results demonstrate strong execution of its China projects, which should underpin its rental income prospects in the years ahead.

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