



Dim Sum Daily
每日港股简评



Market Overview

Yesterday, the Hong Kong stock markets was slightly up on the back of HSBC's (5 HK) better-than-expected interim results and potentially resumption of quarterly dividend paid start in 2023E. HSBC gained 5%. Alibaba-SW (9988 HK) slumped after the company added to SEC list of Chinese firms facing delisting risk. China auto sector surged after China's State Council announced that the policy to exempt the vehicle purchase tax for buyers of new energy vehicles will be extended. The Hang Seng Index was up 9pts to 20,165pts with a daily turnover of HKD114.8b. In the near term, Hong Kong markets are expected to be affected by the news of house speaker Nancy Pelosi to visit Taiwan. According to ig.com, the Hang Seng Index is expected to open lower this morning to c.19,900pts.

Sector News

China Macro - Weaker-than-expected Factory Activity

China's factory activity contracted unexpectedly in July, witnessed from recent economic data results. China NBS official July manufacturing PMI fell to 49 (vs. June of 50.2 and consensus forecast of 50.4). Sub-indexes for output and new orders fell by 3pts and c.2pts in July to 49.8 and 48.5, while, the exports new orders sub-index edged down by 2.1pts to 47.4. Yesterday, the Caixin/Markit manufacturing PMI also eased to 50.4 in July (vs. June of 51.7 and consensus forecast of 51.5). These data show the recovery in supply and demand failed to spill over into the labour market for manufacturing.

Macau Gaming - July Gross Gaming Revenue Lowest Month Since 2003

According to DICJ, Macau July gross gaming revenue (GR) came in at MOP398m, the lowest monthly tally since 2003. The weak data was due to Macau casino floors were only running 19 out of the 31 days in July. A shutdown from 11 to 22 July inclusive was a part of COVID-19 measures. Most casinos reopened on 23 July, with limited operations and with business volumes seen depressed, as travel restrictions constrained the number of visitors from China.

Company News

HSBC (5 HK)

HSBC released better-than-expected interim results with 1H22 reported profit before tax of USD9.17b (-15.3% YoY), beat consensus forecast at range of USD7.9b-8.1b. The board has approved an interim dividend for 1H22 of USD0.09 per ordinary share, to be paid in cash. Looking

ahead, HSBC stated that (1) further share buy-backs remain unlikely in 2022E; (2) expecting a dividend payout ratio of c.50% for 2023E and 2024E; (3) intending to revert to paying quarterly dividend in 2023E.

Meilan Airport (357 HK)

Meilan Airport issued a profit alert, indicating that its 1H22 net loss of RMB15m-30m (vs. 1H21 net profit of RMB355m). The company explained the loss was due to (1) a 34% YoY traffic decline in 1H22 due to the COVID-19 resurgence in China; (2) depreciation and operational cost hike from newly launched terminal 2; (3) an increase in finance costs. Market believed the company to turnaround for full-year 2022E on the back of domestic travel recovery since mid-June.

BYD Co. (1211 HK)

BYD officially launched its Seal model on 31 July with prices from RMB209.8k-286.8k, which are RMB3k lower than its pre-sales price. It plans to offer free iTAC (Intelligence Torque Adaption Control) via OTA upgrade for four-wheel performance versions. Delivery will start in Aug and BYD's Changzhou plant will be running at full throttle to ramp up production. Seal's order backlog has exceeded 60k, which should lay solid groundwork for BYD to rev up for its full-year vehicles sales target of 1.5m units. Market believed Seal could rival major EV players' models with a competitive product proposition in terms of value and performance.

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