

What's Hot Today:

- ▶ **Macau 1Q24 GGR hit post pandemic high in all segments**
- ▶ **Sands China (1928.HK) faces near term pressure.**
- ▶ **Xtep Intl (1368.HK): 1Q24 operation data update**

Macau 1Q24 GGR hit post pandemic high in all segments

Macau saw a good start in 2024 driven by a strong premium mass market.

After nearly a year of recovery, the growth pace of GGR normalized to 2017-2019's average level of -3% to 4% QoQ. According to the Gaming Inspection and Coordination Bureau (DICJ), Macau's GGR reached MOP57.3bn in 1Q24, up 5.9% QoQ and 65% YoY, translating to about 75% of 2019's level. Mass market: Mass GGR amounted to MOP39.7bn, up 3.4% QoQ and 68% YoY. The segment's GGR surpassed the pre-pandemic level by 13%, compared to 7% in 4Q23. VIP market: VIP GGR was up by 13% QoQ and 68% YoY to MOP14.4bn, about 38.6% of 1Q19's level. Slot: Slot GGR stood at about MOP3.2bn, up 8.4% QoQ and 31.5% YoY, rallying to about 86% of 2019's level.

Sands China (1928.HK) faces near term pressure.

1Q24 missed expectations. Total net revenue maintained a robust 41% YoY growth due to low base last year but recorded a slight 2.8% QoQ decline to US\$1.78bn in 1Q24, about 77% of 1Q19. The adjusted property EBITDA amounted to US\$605mn, down 6.6% QoQ and about 70% of 1Q19, with an EBITDA margin of 34% (vs. 35.4% in 4Q23/ 37.4% in 1Q19). Both revenue and adjusted property EBITDA missed market expectations, mainly due to the low VIP win rate and renovation of Londoner and Cotai Arena.

Losing market share. Total GGR amounted to US\$1.7bn, largely flat QoQ, about 73% of 2019's level, due to a weaker-than-expected VIP GGR. Mass GGR remained at about US\$1.4bn, about 93% of pre-pandemic level (vs Industry: 113%), as table drop fully recovered to 1Q19's level. VIP GGR stood at US\$128mn, down 2% QoQ and only about 19% of 1Q19 (vs Industry: 38.6%), mainly dragged by the lower win rate at 2.35% (vs.3.48% in 1Q19). Slot GGR saw a better trend, up 3.7% QoQ to US\$169mn, exceeding the 1Q19 by 10%. The recovery pace between Sands China and some peers have started to diverge, driving its market share down by 1.3ppts QoQ to 24%.

Our view: The renovation is expected to complete in 4Q24, which will continue to interrupt the non-gaming business of Sands China. Additionally, intensified competition also brings uncertainty to its near-term outlook. The counter is trading at 28.3x FY24E PE. (Ensley LIU)

China & HK Indices	CLOSE	1D	YTD
HSI	16,385	0.8%	-3.9%
HSCEI	5,803	0.9%	0.6%
HSCCI	3,443	0.3%	2.8%
CSI300	3,569	0.1%	4.0%
Shanghai A	3,223	0.1%	10.6%
Shanghai B	256	-0.1%	10.6%
Shenzhen A	1,777	-0.1%	-7.6%
Shenzhen B	1,064	-0.4%	-1.5%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	37,775	0.1%	0.2%
S&P 500	5,011	-0.2%	5.1%
Nasdaq	15,601	-0.5%	3.9%
NIKKEI Index	37,361	-1.9%	11.6%
FTSE Index	7,877	0.4%	1.9%
CAC Index	8,023	0.5%	6.4%
DA.X Index	17,837	0.4%	6.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,379	0.8%	15.5%
STEEL (US\$/oz.)	2,102	-0.1%	-5.5%
SILVER (US\$/oz.)	28	0.1%	18.9%
CRUDE OIL (US\$/bbl)	82	-8.0%	15.5%
COPPER (US\$/oz.)	9,734	2.8%	13.7%
ALUMINIUM (US\$/oz.)	2,614	2.1%	9.7%
PLATINUM (US\$/oz)	939	-0.4%	-5.2%
ZINC (US\$/oz.)	2,812	1.5%	5.8%
WHEAT (US\$/bu)	536	-0.0%	-14.6%
CORN (US\$/bu)	436	-1.1%	-11.7%
SUGAR (US\$/lb)	N/A	N/A	-3.2%
SOYBEAN (US\$/bu)	1,149	-1.3%	-12.7%
PVC (US\$/t)	N/A	N/A	15.6%
CRB	295	-0.4%	3.0%
BDI			-9.2%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.832	0.940	154.640	0.912	7.239
HKD	0.128		0.120	19.746	11.650	0.924
EUR	1.064	8.336		164.590	1.030	7.706
JPY	0.006	5.064	0.608		0.590	0.047
CHF	1.096	8.583	1.030	169.496		7.934
RMB	0.138	1.082	0.130	21.356	0.126	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	18	20.7%

Source: Bloomberg

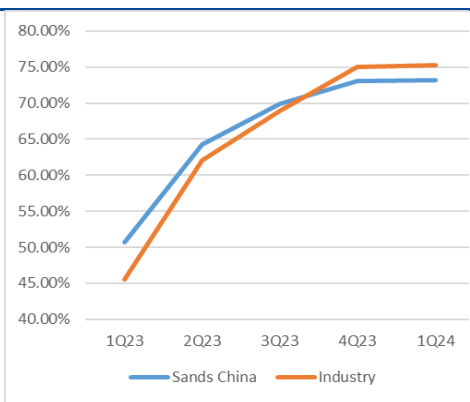
Latest Research Reports		
Date	Company	Analyst
29/02/2024	Xinyi Solar (968.HK)	Research Department
29/02/2024	Xinyi Energy (3868.HK)	Research Department
26/02/2024	Conant Optical (2276.HK)	Research Department
05/01/2024	Aeon Credit (900 HK)	Ensley Liu
13/10/2023	Aeon Credit (900 HK)	Howard Wong
17/04/2023	Xtep International (1368 HK)	Eason Cui
14/04/2023	Perfect Medical (1830 HK)	Research Department
03/04/2023	Meidong Auto (1268 HK)	Eason Cui
31/03/2023	Prosperous Industrial (1731 HK)	Research Department
28/03/2023	Yongda (3669 HK)	Eason Cui
17/03/2023	361 Degrees (1361 HK)	Eason Cui
13/03/2023	DONGFANG ELECTRIC (1072 HK)	Eason Cui
01/03/2023	Xinyi Energy (3868 HK)	Eason Cui
28/02/2023	Xinyi Glass (868 HK)	Ken Li
13/02/2023	Auto monthly update	Eason Cui
10/02/2023	Yuexiu Property (123 HK)	Ken Li
18/01/2023	Yongda (3669 HK)	Eason Cui
17/01/2023	Xtep (1368 HK)	Eason Cui
04/01/2023	Auto monthly update	Eason Cui
02/12/2022	Perfect Medical (1830 HK)	Research Department
01/12/2022	XPeng (9868 HK)	Eason Cui

Fig.1: Sands China financial summary

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
VIP segment									
VIP turnover	1903	1089	548	617	4011	4918	4873	6017	5441
VIP win rate	3.92%	5.28%	5.12%	4.91%	3.86%	3.69%	3.82%	2.16%	2.35%
VIP GGR	75	58	28	30	155	182	186	130	128
Mass segment									
Mass table drop	1462	756	605	1066	4024	5277	5823	6167	6126
Mass win rate	24.18%	24.43%	21.89%	24.33%	22.63%	22.16%	22.11%	22.95%	23.08%
Mass GGR	353	185	132	259	911	1169	1287	1415	1414
Slot segment									
Slot machine handle	911	604	372	651	2809	3853	3970	4187	4301
Slot machine win rate	3.16%	4.20%	4.03%	3.70%	4.17%	3.93%	4.00%	3.90%	3.93%
Slot GGR	29	25	15	24	117	151	159	163	169
Total GGR	457	268	176	314	1183	1502	1633	1708	1711

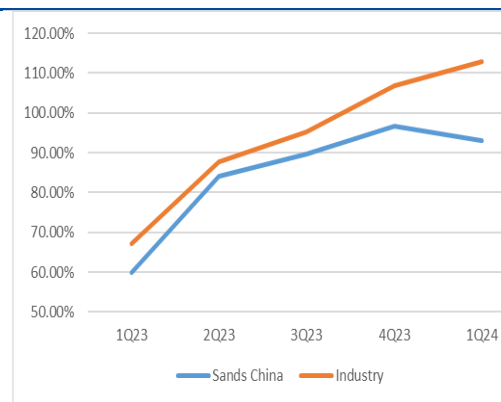
Source: Company Data, Sunwah Kingsway Research

Fig 2: Recovery pace of total GGR



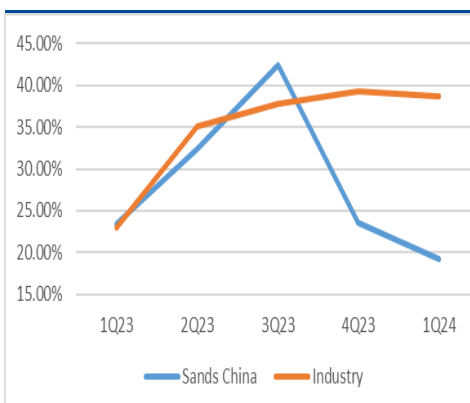
Source: Company data, Sunwah Kingsway Research

Fig 3: Recovery pace of mass GGR



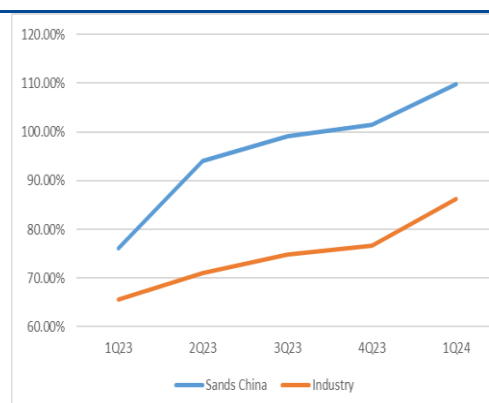
Source: Company data, Sunwah Kingsway Research

Fig 4: Recovery pace of VIP GGR



Source: Company data, Sunwah Kingsway Research

Fig 5: Recovery pace of slot GGR



Source: Company data, Sunwah Kingsway Research

Xtep Intl (1368.HK): 1Q24 operation data update

Xtep saw its core brand sales increased by high-single-digit in 1Q24. Mgt is satisfied with the results and confident to achieve the full-year target (10%+ growth).

Core brand: A high-single-digit growth was recorded in Q1, a great opening on top of last year's high base. The growth consisted of 1) high e-commerce growth of 25%+ and 2) low-single-digit offline sales growth. Quarter end inventory maintained at around 4-4.5 months, and discount narrowed to 25-30%. A strong sales momentum was noted in Apr with 1) double digit sales growth, 2) discount further narrowed to 25%, 3) inventory improved to 4 months.

New brands: The sales of new brands achieved 50%+ growth in Q1. For Saucony's newly opened franchise model, it focuses on high-quality growth instead of network size and will cooperate with selected franchisees.

Our view: We think the recent stock price weakness is mainly due to poor sentiment in the consumer sector and most of the negatives have been priced in. We believe Xtep's multi-brand growth story will justify its long term value. We maintain our forecast and TP of HK\$7.40.

Risks: 1) slower-than-expected sportswear growth; 2) weaker-than-expected economy (Research Department)

Fig 1: Xtep's financial performance and forecast

(RMB mn)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	10,013	12,930	14,346	15,962	17,106	18,250
Growth	23%	29%	11%	11%	7%	7%
Gross profit	4,178	5,292	6,050	6,740	7,274	7,825
Gross margin	41.7%	40.9%	42.2%	42.2%	42.5%	42.9%
Operating Profit	1,396	1,464	1,580	1,767	2,027	2,318
Operating margin	13.9%	11.3%	11.0%	11.1%	11.8%	12.7%
Net Profit	908	922	1,030	1,152	1,329	1,528
Net profit margin	9.1%	7.1%	7.2%	7.2%	7.8%	8.4%
EPS (RMB)	0.36	0.37	0.41	0.46	0.53	0.60
DPS (HK\$)	0.25	0.20	0.22	0.24	0.28	0.32
P/E	11.3	11.3	10.1	9.1	7.8	6.8

Source: Company report, Sunwah Kingsway Research

Fig 2: Xtep's quarterly operation results

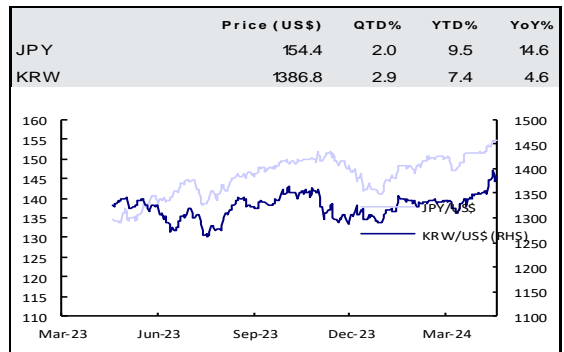
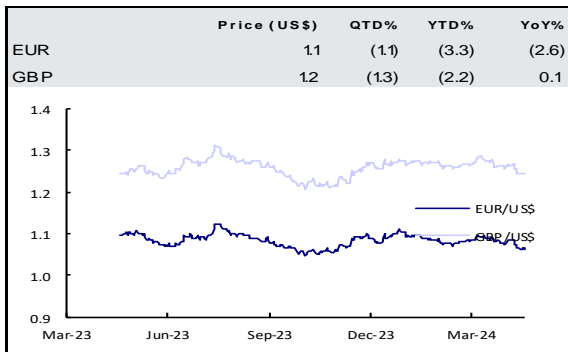
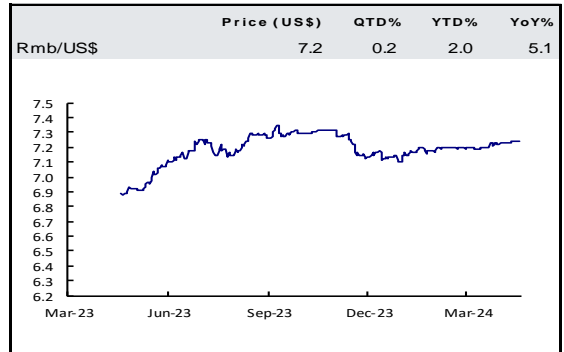
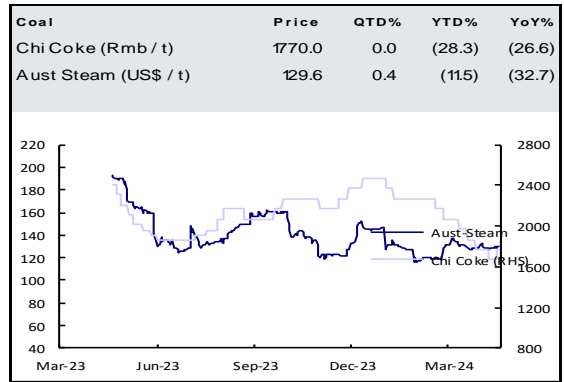
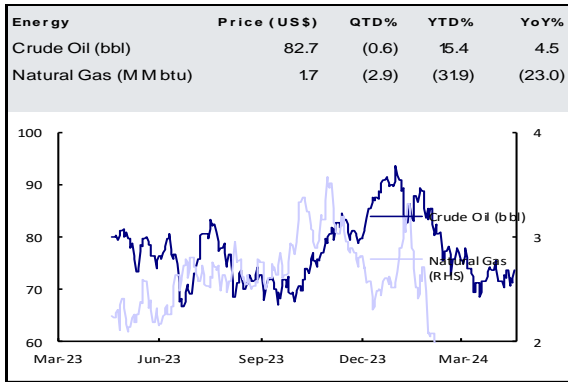
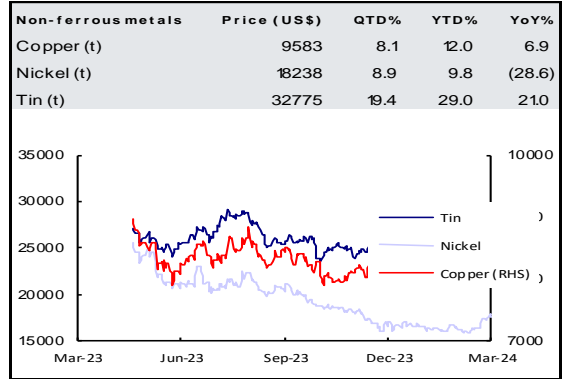
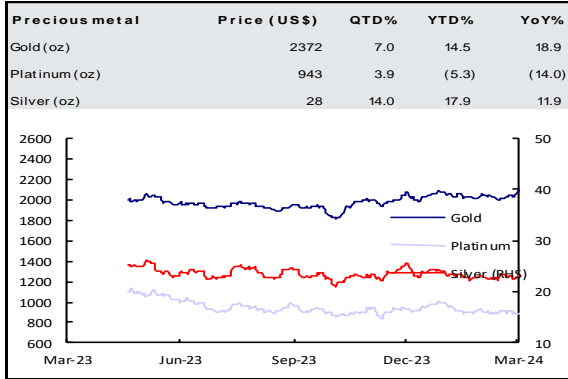
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Xtep									
Core Xtep Brand									
Sales growth	30-35%	Mid-teens	20-25%	HSD	20%	High teens	High teens	30%+	HSD
Retail discount level	25%	25-30%	25-30%	30%	25-30%	25%	25-30%	30%	25-30%
Channel inventory	4mth	4.5mth	4.5-5mth	5.5mth	4.5-5mth	4.5-5mth	4.5-5mth	4-4.5mth	4-4.5mth

Source: Company report, Sunwah Kingsway Research

Kingsway coverage list

Name	Ticker	Market Cap (HK\$m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend FY2	Absolute performance			Latest update date
								Hist	FY1	FY2		5D%	1M%	3M%	
HANG SENG INDEX	HSI		16,385.87	0.8				8.6	8.1	7.5	4.7%	(4.1)	(0.9)	7.0	
HANG SENG CHINA ENT IND	HSCEI		5,803.86	0.9				7.9	7.5	6.9	4.5%	(3.3)	0.4	13.2	
CSI 300 INDEX	SHSZ300		3,569.80	0.1				13.5	13.5	10.3	2.9%	1.9	(0.2)	9.2	
FUYAO GLASS	3606 HK	125,653	41.55	2.7	LONG	41.50	(0.1)	17.8	15.5	13.3	4.0%	2.6	7.9	9.6	1-Sep-20
BEUR	3718 HK	1,725	0.49	1.0	LONG	1.80	271.1	6.1	5.1	4.2	7.6%	0.0	(2.0)	(19.2)	30-Mar-21
BINJIANG SERVICES	3316 HK	4,622	16.72	2.0	LONG	23.50	40.6	8.6	7.0	5.7	9.9%	(3.5)	(1.4)	10.6	N/A
BYDE	285 HK	55,541	24.65	(0.2)	NEUTRAL	17.60	(28.6)	12.7	9.7	7.7	2.8%	(10.5)	(16.4)	(19.0)	N/A
CHINA LILANG	1234 HK	5,856	4.89	(0.2)	LONG	5.32	8.8	10.2	8.9	7.9	8.4%	(0.6)	9.9	22.9	N/A
CHINASOFT INTL	354 HK	13,053	4.49	0.2	LONG	12.80	185.1	16.0	11.7	9.3	2.0%	(6.7)	(14.6)	(13.8)	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,585	4.67	(0.4)	LONG	8.70	86.3	8.8	7.5	6.7	4.5%	(4.1)	(2.9)	35.4	26-Feb-20
DUIBA GROUP	1753 HK	323	0.30	3.4	LONG	5.55	1750.0	9.6	N/A**	N/A**	N/A**	(6.3)	9.1	17.6	N/A
EDVANTAGE GROUP	382 HK	2,718	2.38	0.8	LONG	4.50	89.1	3.9	3.4	3.1	8.9%	(1.7)	(8.1)	0.0	3-May-22
EVERGREEN PG	1962 HK	311	0.48	0.0	LONG	1.75	268.4	6.0	N/A**	N/A**	N/A**	0.0	(5.0)	5.6	26-Jan-21
HUAHONG SEMI	1347 HK	32,400	14.74	1.8	NEUTRAL	26.30	78.4	9.1	25.4	10.9	0.0%	(4.0)	(11.8)	(12.8)	29-Jul-21
KINGDEE INTL	268 HK	27,743	7.72	(1.2)	NEUTRAL	17.62	128.2	N/A**	N/A**	88.1	0.0%	(7.5)	(17.2)	(18.1)	20-Aug-20
MEIDONG AUTO	1268 HK	3,689	2.74	5.4	LONG	19.76	621.2	24.3	8.3	5.5	8.1%	(5.2)	(17.7)	(28.6)	3-Apr-23
MINGYUAN CLOUD	909 HK	4,157	2.14	0.5	NEUTRAL	28.00	1208.4	N/A**	N/A**	N/A**	1.6%	(11.2)	(5.7)	(2.3)	N/A
PLOVER BAY TECH	1523 HK	2,950	2.68	(0.4)	LONG	1.70	(36.6)	13.4	11.4	10.1	1.1%	(0.4)	21.8	38.3	6-Aug-20
POU SHENG INTL	3813 HK	3,355	0.63	3.3	LONG	2.80	344.4	6.1	4.7	3.7	7.3%	0.0	(10.0)	(3.1)	16-Nov-20
Q TECH	1478 HK	3,909	3.30	(0.9)	NEUTRAL	4.97	50.6	43.8	13.1	8.9	0.7%	(4.3)	2.8	0.0	10-Aug-22
SUNNY OPTICAL	2382 HK	41,129	37.50	0.1	LONG	160.80	328.8	34.4	18.3	13.8	1.3%	(9.5)	(30.4)	(33.8)	17-Aug-22
TRYLY INTL	732 HK	2,560	0.81	1.3	LONG	2.80	245.7	9.7	N/A**	N/A**	N/A**	(5.8)	9.5	20.9	8-Apr-21
XINYI ENERGY	3868 HK	8,504	1.03	(2.8)	LONG	1.62	57.3	8.1	7.1	6.2	7.9%	(10.4)	(11.2)	(12.7)	29-Feb-24
XINYI GLASS	868 HK	33,289	7.88	(4.4)	LONG	18.60	136.0	6.1	5.8	5.9	8.6%	(10.6)	(9.9)	11.9	28-Feb-23
XINYI SOLAR	968 HK	48,381	5.43	0.6	LONG	7.20	32.6	11.5	9.2	7.2	6.4%	(13.5)	(15.2)	40.3	29-Feb-24
XTEP INTL	1368 HK	11,781	4.46	2.1	LONG	11.91	167.0	10.1	9.2	8.0	5.7%	(7.1)	(9.9)	11.2	17-Apr-23
YONGDA AUTO	3669 HK	3,797	1.97	(1.5)	LONG	6.73	241.6	6.2	4.8	3.9	11.3%	(10.0)	(22.4)	(12.1)	28-Mar-23
YUEXU PROPERTY	123 HK	15,377	3.82	1.6	LONG	13.00	240.3	4.0	3.8	3.5	10.9%	(3.5)	(15.1)	(17.8)	10-Feb-23
WEIMOB	2013 HK	3,801	1.36	0.7	LONG	14.40	958.8	N/A**	125.7	16.5	0.0%	(4.9)	(35.8)	(27.7)	25-Nov-21

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		18-Apr-24
Existing Home Sales	MoM		18-Apr-24
New home Sales	MoM		23-Apr-24
Durable Goods Orders	MoM		24-Apr-24
Wholesale Inventories	MoM		25-Apr-24
GDP	QoQ		25-Apr-24
Personal Income & Spending	MoM		26-Apr-24
Consumer Confidence	MoM		30-Apr-24
ISM Manufacturing PMI	MoM		1-May-24
Trade Balance	MoM		2-May-24
Factory Orders	MoM		2-May-24
Employment Report	MoM		3-May-24
PPI	MoM		14-May-24
Business Inventories	MoM		15-May-24
Retail Sales	MoM		15-May-24
CPI	MoM		15-May-24
Housing Starts / Building Permits	MoM		16-May-24
Industrial Production	MoM		16-May-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Apr-24
Foreign Exchange Reserves	QoQ		7-May-24
Money Supply - M2	MoM		9-May-24
Trade Balance	MoM		9-May-24
PPI	MoM		11-May-24
CPI	MoM		11-May-24
Retail Sales	MoM		17-May-24
Industrial Production	MoM		17-May-24
GDP	YoY		15-Jul-24

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		23-Apr-24
Trade Balance	MoM		25-Apr-24
Money Supply - M2	MoM		30-Apr-24
GDP	QoQ		2-May-24
Retail Sales	MoM		3-May-24
PMI	MoM		6-May-24
Foreign Currency Reserve	MoM		7-May-24
Unemployment Rate	MoM		20-May-24
Producer Prices Index	QoQ		14-Jun-24
Industrial Production	QoQ		14-Jun-24
Composite Interest Rate	MoM		

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