

What's Hot Today:

► Swire Properties (1972.HK): Q1 operating data update

Swire Properties (1972.HK) announced its 1Q24 operation update. It's Hong Kong retail properties namely Pacific Place in Admiralty and Taikoo Shing's Cityplaza recorded YoY retails sales dropped of 1.2% and 3.2% respectively. Meanwhile, its office spaces were facing rental cut pressure where a 17% YoY rental decline was observed at Pacific Place, its flagship office buildings.

We consider Swire's soft retail sales is inline with the general retail market sentiment in Hong Kong which has experienced a YoY decline of 7.0/1.3% YoY in March/Q1 respectively, according to official statistics. We attribute the weak retail sales to 1) more Hong Kong people travelling northbound on weekends and long holidays, 2) a drop of average spending per incoming tourists. We believe Hong Kong's retail sales will soon find a bottom as the sector is adopting to the new spending behavior of both the locals and tourists. However, for office spaces, we think the weak demand will likely drive down the overall rental market in the near future, citing that Grade A vacancy rate is estimated to be around 13.1% without an immediate sign of economic recovery. Looking forward, we are of the view that the oversupply in the office segment could last for a few years. (Research Department)

Fig 1: Swire Properties Financials and forecast

(HK\$ mn)	2023	2024E	2025E	2026E
Revenue	14,670	15,068	17,355	19,219
Growth	6%	3%	15%	11%
Gross profit	10,386	10,853	12,634	13,859
GPM	70.80%	72.03%	72.80%	72.11%
Net profit	7,285	7,542	8,874	9,492
NPM	50%	50%	51%	49%
EPS	1.25	1.36	1.55	1.63
P/E	12.69	11.68	10.26	9.72

Source: Company data, Bloomberg consensus, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	18,479	-0.5%	8.4%
HSCBI	6,526	-0.7%	13.1%
HSCCI	3,803	1.0%	13.5%
CSI300	3,659	0.0%	6.6%
Shanghai A	3,300	0.2%	10.2%
Shanghai B	255	-0.2%	10.2%
Shenzhen A	1,879	0.2%	-2.2%
Shenzhen B	1,118	0.8%	3.5%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	38,884	0.1%	3.2%
S&P 500	5,187	0.1%	8.8%
Nasdaq	16,332	-0.1%	8.8%
NIKKEI Index	38,416	-1.1%	14.8%
FTSE Index	8,313	1.2%	7.5%
CAC Index	8,075	1.0%	7.1%
DA X Index	18,430	1.4%	10.0%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,314	-0.4%	12.2%
STEEL (US\$/oz.)	2,124	0.2%	-4.5%
SILVER (US\$/oz.)	27	-0.7%	14.5%
CRUDE OIL (US\$/bbl)	78	-12.8%	9.2%
COPPER (US\$/oz.)	10,029	2.7%	17.2%
ALUMINIUM (US\$/oz.)	2,569	1.6%	7.8%
PLATINUM (US\$/oz)	978	2.0%	-1.2%
ZINC (US\$/oz.)	2,960	2.6%	11.4%
WHEAT (US\$/bu)	624	3.1%	-0.5%
CORN (US\$/bu)	467	-0.4%	-5.7%
SUGAR (US\$/lb)	N/A	N/A	-2.7%
SOYBEAN (US\$/bu)	1,246	-0.2%	-5.4%
PVC (US\$/t.)	N/A	N/A	17.2%
CRB	289	1.1%	3.0%
BDI			-0.5%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.822	0.930	154.690	0.908	7.219
HKD	0.128		0.119	19.780	11.615	0.923
EUR	1.076	8.412		166.370	1.024	7.761
JPY	0.006	5.056	0.601		0.587	0.047
CHF	1.101	8.610	1.024	170.271		7.929
RMB	0.139	1.084	0.129	21.433	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	13	-15.5%

Source: Bloomberg

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 2: HK retail sales dropped 7% in Mar

HK retail sales (HK\$ mn)	2017	2018	2019	2020	2021	2022	2023	2024 Jan	2024 Feb	2024 Mar
Total	446,136	485,169	431,160	326,451	352,948	349,964	406,649	36,518	33,759	31,191
Food, Beverage, Tobacco	94,680	97,290	96,155	95,887	89,979	90,688	89,089	7,911	8,033	6,550
Durable Goods	67,504	72,268	63,563	57,108	66,201	67,085	66,131	5,305	4,113	4,817
Clothe	58,407	62,303	53,518	31,539	38,243	34,793	49,150	4,401	4,527	3,685
Jewellery	75,045	85,329	66,210	30,457	38,776	38,815	60,119	5,437	4,817	4,175
Shopping mall	52,327	52,971	53,323	58,496	53,587	54,270	51,157	4,355	4,337	3,965
Fuel	9,267	10,063	10,364	10,114	11,402	11,571	10,448	793	737	765
Other	88,906	104,945	88,027	42,850	54,760	52,742	80,555	8,316	7,195	7,234
YoY%	2.2%	8.7%	-11.1%	-24.3%	8.1%	-0.8%	16.2%	0.9%	1.9%	-7.0%
Food, Beverage, Tobacco	1.3%	2.8%	-1.2%	-0.3%	-6.2%	0.8%	-1.8%	-8.7%	11.8%	-6.7%
Durable Goods	-3.1%	7.1%	-12.0%	-10.2%	15.9%	1.3%	-1.4%	-12.7%	-26.3%	-5.9%
Clothe	0.2%	6.7%	-14.1%	-41.1%	21.3%	-9.0%	41.3%	2.7%	12.3%	-16.7%
Jewellery	5.2%	13.7%	-22.4%	-54.0%	27.3%	0.1%	54.9%	22.8%	-3.8%	-17.7%
Shopping mall	-0.2%	1.2%	0.7%	9.7%	-8.4%	1.3%	-5.7%	-9.3%	14.0%	-3.4%
Fuel	4.0%	8.6%	3.0%	-2.4%	12.7%	1.5%	-9.7%	-14.5%	-14.5%	-14.5%
Other	7.9%	18.0%	-16.1%	-51.3%	27.8%	-3.7%	52.7%	18.9%	8.3%	5.0%

Source: HK Census and Statistics Department, Sunwah Kingsway Research

Fig 3: HK Central office vacancy rate climbed to 10.6% by the end of 2024 March

Grade A Office Vacancy	2017	2018	2019	2020	2021	2022	2023	2024 Jan	2024 Feb	2024 Mar
Overall	5.1%	4.2%	6.0%	8.9%	9.6%	12.1%	12.8%	12.9%	12.9%	13.1%
Central	1.7%	1.8%	3.6%	7.3%	8.0%	8.8%	9.9%	10.4%	10.5%	10.6%
Wanchai/ Causeway I	3.0%	1.7%	4.1%	7.9%	9.6%	10.2%	9.9%	9.9%	10.0%	10.4%
Hong Kong East	3.9%	1.7%	2.7%	5.1%	7.5%	11.1%	13.5%	13.8%	13.2%	13.2%
Tsimshatsui	2.2%	1.5%	4.2%	9.1%	10.3%	11.0%	9.5%	9.1%	9.5%	9.4%
Kowloon East	12.5%	9.6%	13.1%	14.1%	13.3%	19.5%	18.7%	18.4%	18.5%	18.0%
Avg. monthly rent	72.0	76.2	72.5	58.8	55.8	55.3	52.0	51.7	51.0	50.6

Source: JLL, Sunwah Kingsway Research

Fig 4: Peer stock performance

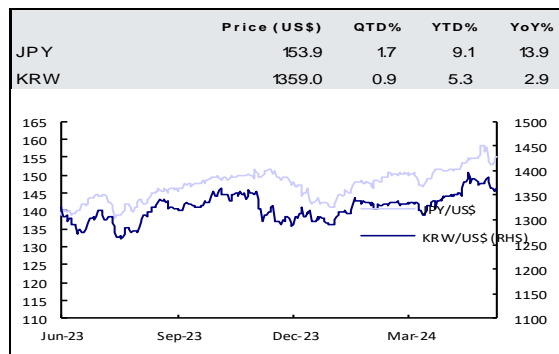
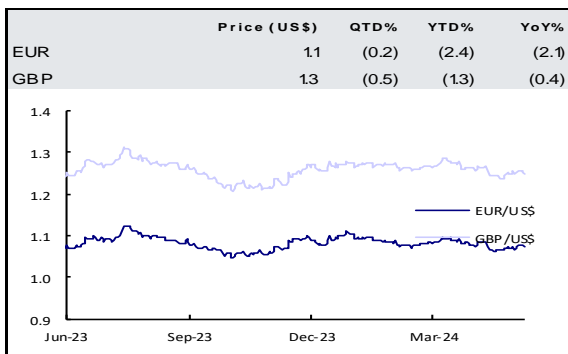
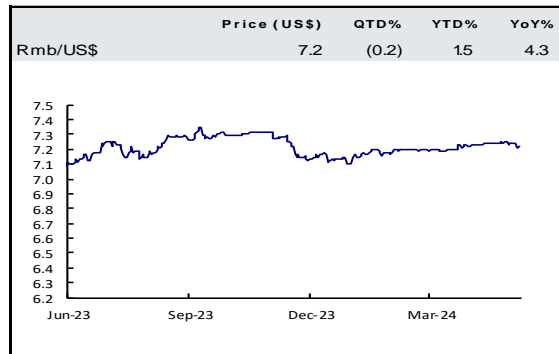
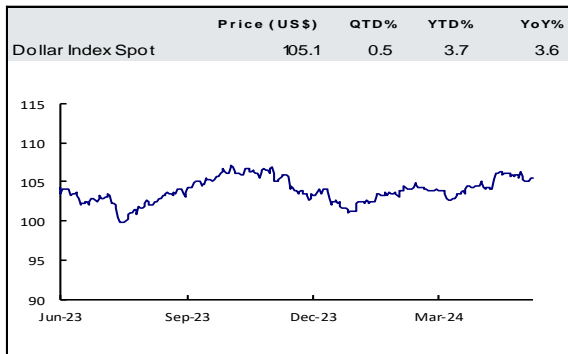
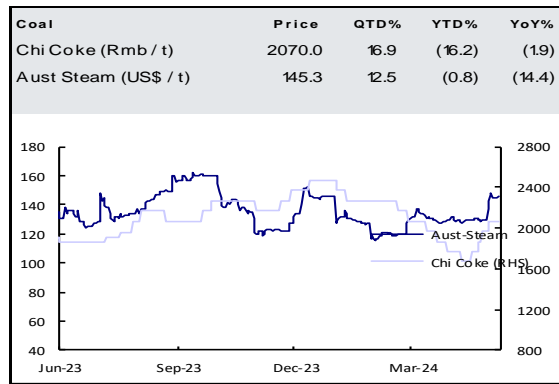
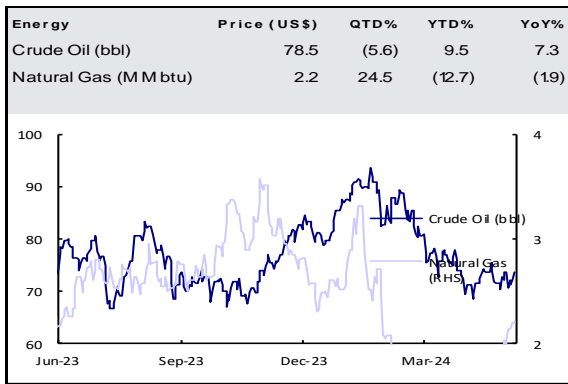
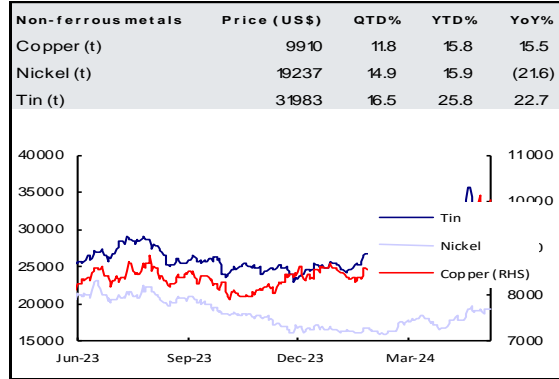
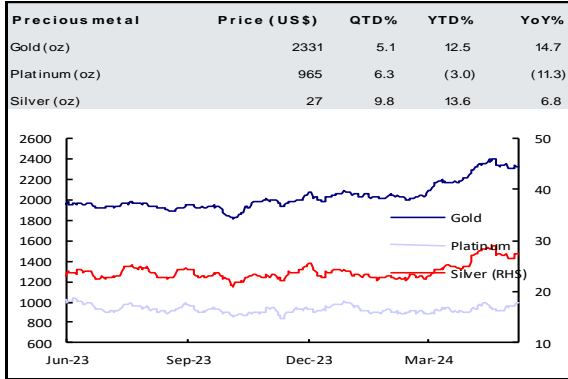
Company	Ticker	Mkt cap (HK\$ bn)	Stock performance				
			1M	3M	6M	12M	YTD
Swire Properties	1972.HK	93	3%	12%	10%	-19%	5%
Link REIT	0823.HK	89	3%	-12%	6%	-28%	-21%
Wharf Real Estate	1997.HK	74	-2%	4%	9%	-40%	5%
Champion REIT	2778.HK	11	14%	-1%	-28%	-42%	-27%
Hysan Development	0014.HK	13	-1%	-1%	-11%	-41%	-15%
Fortune REIT	0778.HK	8	7%	8%	-1%	-34%	-17%
Miramar Hotel	0071.HK	7	0%	-1%	1%	-11%	6%
HSI			10%	15%	6%	8%	8%

Source: Wind, Sunwah Kingsway Research, data as of May 7 close

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		18,479.37	(0.5)				9.7	9.2	8.5	4.2%	4.1	10.4	16.4	
HANG SENG CHINA ENT IND	HSCEI		6,526.67	(0.7)				8.9	8.5	7.8	3.9%	3.9	11.2	21.8	
CSI 300 INDEX	SHSZ300		3,659.01	0.0				14.4	12.3	10.9	3.2%	3.6	3.5	8.7	
FUYAO GLASS	3606 HK	139,969	48.30	1.9	LONG	41.50	(14.1)	20.6	17.5	14.9	3.7%	4.2	20.0	33.4	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%	(1.0)	0.0	(1.0)	30-Mar-21
BINJIANG SERVICES	3316 HK	5,047	18.26	2.5	LONG	23.50	28.7	9.4	7.8	6.4	9.1%	4.8	8.0	22.1	N/A
BYDE	285 HK	66,920	29.70	3.5	NEUTRAL	17.60	(40.7)	15.3	12.1	9.5	2.3%	10.8	11.2	2.8	N/A
CHINA LILANG	1234 HK	5,712	4.77	3.7	LONG	5.32	11.5	9.9	8.7	7.8	8.6%	3.2	(3.6)	19.3	N/A
CHINASOFT INTL	354 HK	13,933	4.90	1.4	LONG	12.80	161.2	17.5	13.7	10.6	2.1%	1.4	2.7	3.6	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,654	4.74	(2.1)	LONG	8.70	83.5	8.9	7.6	6.8	4.4%	(3.5)	(1.3)	17.3	26-Feb-20
DUIBA GROUP	1753 HK	382	0.36	0.0	LONG	5.55	1463.4	11.3	N/A**	N/A**	N/A**	14.5	18.3	47.3	N/A
EDVANTAGE GROUP	382 HK	2,843	2.49	(1.6)	LONG	4.50	80.7	3.9	3.6	3.3	8.5%	(0.4)	0.8	7.8	3-May-22
EVERGREEN PG	1962 HK	334	0.51	0.0	LONG	1.75	243.1	6.5	N/A**	N/A**	N/A**	6.3	8.5	(1.9)	26-Jan-21
HUAHONG SEMI	1347 HK	34,800	16.10	(0.2)	NEUTRAL	26.30	63.4	10.0	23.9	12.0	0.0%	2.4	7.9	5.2	29-Jul-21
KINGDEE INTL	268 HK	33,098	9.21	(1.6)	NEUTRAL	17.62	91.3	N/A**	N/A**	104.9	0.0%	8.7	6.7	16.4	20-Aug-20
MEIDONG AUTO	1268 HK	3,810	2.83	0.4	LONG	19.76	598.2	25.0	9.3	5.8	5.2%	3.7	0.0	1.4	3-Apr-23
MINGYUAN CLOUD	909 HK	5,477	2.82	(4.7)	NEUTRAL	28.00	892.9	N/A**	N/A**	N/A**	1.1%	11.9	21.0	29.4	N/A
PLOVER BAY TECH	1523 HK	3,071	2.79	(1.4)	LONG	1.70	(39.1)	14.0	11.9	10.5	1.0%	(1.1)	11.2	41.8	6-Aug-20
POU SHENG INTL	3813 HK	3,515	0.66	0.0	LONG	2.80	324.2	6.4	5.0	3.9	7.0%	0.0	0.0	8.2	16-Nov-20
Q TECH	1478 HK	4,110	3.47	0.3	NEUTRAL	4.97	43.2	46.0	13.0	8.8	0.6%	4.2	14.9	13.8	10-Aug-22
SUNNY OPTICAL	2382 HK	45,544	41.60	1.3	LONG	160.80	286.5	38.1	22.2	16.3	1.2%	6.7	7.9	(15.1)	17-Aug-22
TRYLY INTL	732 HK	2,813	0.89	2.3	LONG	2.80	214.6	10.7	N/A**	N/A**	N/A**	2.3	12.7	27.1	8-Apr-21
XINYI ENERGY	3868 HK	9,330	1.13	(1.7)	LONG	1.62	43.4	8.9	7.8	6.8	7.2%	1.8	3.7	4.6	29-Feb-24
XINYI GLASS	868 HK	42,245	10.00	1.1	LONG	18.60	86.0	7.8	7.3	7.3	7.0%	14.7	16.6	50.2	28-Feb-23
XINYI SOLAR	968 HK	52,034	5.84	1.4	LONG	7.20	23.3	12.4	9.9	7.8	6.0%	4.8	(5.3)	55.3	29-Feb-24
XTEP INTL	1368 HK	13,604	5.15	0.2	LONG	11.91	131.3	11.7	10.6	9.3	4.7%	2.8	11.2	28.8	17-Apr-23
YONGDA AUTO	3669 HK	4,241	2.20	(0.9)	LONG	6.73	205.9	6.9	6.0	4.6	9.1%	1.9	1.4	7.3	28-Mar-23
YUEXU PROPERTY	123 HK	20,610	5.12	0.8	LONG	13.00	153.9	5.3	5.3	5.1	7.4%	8.5	26.1	(1.9)	10-Feb-23
WEIMOB	2013 HK	5,016	1.63	3.2	LONG	14.40	783.4	N/A**	300.9	22.5	0.0%	13.2	15.6	(10.9)	25-Nov-21

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Wholesale Inventories	MoM		8-May-24
Initial Jobless Claims	WoW		9-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
Existing Home Sales	MoM		22-May-24
New home Sales	MoM		23-May-24
Durable Goods Orders	MoM		24-May-24
Consumer Confidence	MoM		28-May-24
GDP	QoQ		30-May-24
Personal Income & Spending	MoM		31-May-24
ISM Manufacturing PMI	MoM		3-Jun-24
Factory Orders	MoM		4-Jun-24
Trade Balance	MoM		6-Jun-24
Employment Report	MoM		7-Jun-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
PMI Manufacturing	MoM		31-May-24
Foreign Exchange Reserves	QoQ		7-Jun-24
GDP	YoY		15-Jul-24

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
GDP	QoQ		17-May-24
Unemployment Rate	MoM		20-May-24
CPI	MoM		23-May-24
Trade Balance	MoM		27-May-24
Retail Sales	MoM		31-May-24
Money Supply - M2	MoM		31-May-24
PMI	MoM		5-Jun-24
Foreign Currency Reserve	MoM		7-Jun-24
Producer Prices Index	QoQ		14-Jun-24
Industrial Production	QoQ		14-Jun-24
Composite Interest Rate	MoM		

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