

What's Hot Today:

► Man Wah (1999.HK)- FY24 results topped expectations

Man Wah posted a strong set of FY24 results with net profit jumping 20% YoY to HK\$2.3bn on the back of a 6% YoY gain in revenue, better than expected. In 2HFY24, Man Wah achieved a revenue of HK\$9.5bn (+18% YoY) and net profit of HK\$1.2bn (+42% YoY). The company declared a final dividend of 15 HK cents with full year payout ratio of 42%.

Overseas sales growth boosted company's topline. In 2H2FY24, Man Wah's sales grew 18% YoY, including China (+10%), North America (+38%), Europe (+29%), and other regions (+18%). The Mgt attributed the sales recovery in 2HFY24 to 1) channel expansion 2) product upgrade. By products, sofa products and bedding products both seen strong growth by delivering a 16/12% YoY increase.

Margins expanded thanks to a drop in raw material prices. In 2HFY24, Man Wah's GPM stood at 39.6% (+1.6pp YoY) and NPM at 12.3% (+2.1pp YoY). Major cost items saw significant decline, for instance, the cost of leather/steel/wood/fabric each dropped by 10.1/8.1/24.6/6% during FY24.

Our view: Moving forward, we expect Man Wah to continue its growth momentum backed by 1) strong replacement demand in China, 2) increasing overseas demand. The company is trading at 10.6x FY25E. (Research Department)

Fig 1: Man Wah's financial and forecast

(HK\$ mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	21,497	17,351	18,411	20,234	22,434
Growth	31%	-19%	6%	10%	11%
Gross profit	7,891	6,678	7,248	7,762	8,567
GPM	36.7%	38.5%	39.4%	38.4%	38.2%
Operating profit	2,890	2,510	3,061	3,399	3,751
OPM	13.4%	14.5%	16.6%	16.8%	16.7%
Net profit	2,247	1,915	2,302	2,553	2,830
NPM	10.5%	11.0%	12.5%	12.6%	12.6%
EPS (HK\$)	0.57	0.49	0.59	0.66	0.73
DPS (HK\$)	0.29	0.32	0.25		
P/E	12.2	14.2	11.7	10.6	9.4

Source: Company report, Bloomberg consensus, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	19,376	1.6%	13.7%
HSCSI	6,871	1.9%	19.1%
HSCCI	3,997	1.1%	19.3%
CSI300	3,640	0.4%	6.1%
Shanghai A	3,273	0.1%	9.2%
Shanghai B	252	0.2%	9.2%
Shenzhen A	1,845	0.3%	-4.0%
Shenzhen B	1,122	-0.1%	3.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	39,869	-0.1%	5.8%
S&P 500	5,297	-0.2%	11.1%
Nasdaq	16,698	-0.3%	11.2%
NIKKEI Index	38,920	1.4%	16.3%
FTSE Index	8,438	-0.1%	9.1%
CAC Index	8,188	-0.6%	8.6%
DA X Index	18,738	-0.7%	11.9%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,376	-0.4%	15.3%
STEEL (US\$/oz.)	2,170	1.4%	-2.4%
SILVER (US\$/oz.)	29	-0.3%	24.7%
CRUDE OIL (US\$/bbl)	79	-11.8%	10.7%
COFFER (US\$/oz.)	10,424	3.1%	21.8%
ALUMINIUM (US\$/oz.)	2,586	1.4%	8.5%
PLATINUM (US\$/oz)	1,063	-0.5%	7.3%
ZINC (US\$/oz.)	2,960	-1.4%	11.4%
WHEAT (US\$/bu)	663	1.0%	5.6%
CORN (US\$/bu)	457	-2.2%	-7.5%
SUGAR (US\$/lb)	N/A	N/A	-10.5%
SOYBEAN (US\$/bu)	1,216	0.1%	-7.4%
PVC (US\$/t)	N/A	N/A	17.2%
CRB	289	0.9%	3.0%
BDI			-9.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.801	0.920	155.390	0.906	7.221
HKD	0.128		0.118	19.921	11.615	0.926
EUR	1.087	8.478		168.870	1.016	7.850
JPY	0.006	5.020	0.592		0.583	0.046
CHF	1.104	8.609	1.016	171.462		7.953
RMB	0.138	1.080	0.127	21.509	0.126	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	12	-2.1%

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 2: 2HFY24 sales grew 18%

(HK\$ mn)	FY23	FY24	YoY	1HFY23	2HFY23	1HFY24	2HFY24	YoY
Revenue	17,351	18,411	6%	9,289	8,062	8,938	9,474	18%
Cost of sales	-10,673	-11,163	5%	-5,681	-4,992	-5,446	-5,718	15%
Gross profit	6,678	7,248	9%	3,608	3,070	3,492	3,756	22%
Selling expenses	-3,318	-3,314	0%	-1,843	-1,475	-1,604	-1,710	16%
Admin expenses	-1,047	-956	-9%	-564	-482	-450	-506	5%
Other income	438	387	-11%	244	193	214	173	-10%
Other losses, net	-241	-304	26%	-25	-216	-142	-162	-25%
Operating profit	2,510	3,061	22%	1,420	1,090	1,509	1,552	42%
Finance costs	-165	-201	22%	-61	-104	-98	-102	-1%
Others	10	4	-59%	2	8	3	1	-89%
Profit before tax	2,355	2,864	22%	1,360	995	1,414	1,450	46%
Income tax expense	-497	-468	-6%	-292	-205	-230	-239	17%
Profit for the year	1,858	2,396	29%	1,068	790	1,185	1,211	53%
Minority interest	57	-94	-265%	24	33	-49	-45	-238%
Net profit	1,915	2,302	20%	1,092	823	1,136	1,166	42%
<i>GPM</i>	<i>38.5%</i>	<i>39.4%</i>	<i>0.9pp</i>	<i>38.8%</i>	<i>38.1%</i>	<i>39.1%</i>	<i>39.6%</i>	<i>1.6pp</i>
<i>Selling expenses % sales</i>	<i>19.1%</i>	<i>18.0%</i>	<i>-1.1pp</i>	<i>19.8%</i>	<i>18.3%</i>	<i>17.9%</i>	<i>18.1%</i>	<i>-0.2pp</i>
<i>Admin expenses % sales</i>	<i>6.0%</i>	<i>5.2%</i>	<i>-0.8pp</i>	<i>6.1%</i>	<i>6.0%</i>	<i>5.0%</i>	<i>5.3%</i>	<i>-0.6pp</i>
<i>OPM</i>	<i>23.5%</i>	<i>27.4%</i>	<i>3.9pp</i>	<i>25.0%</i>	<i>21.8%</i>	<i>27.7%</i>	<i>27.1%</i>	<i>5.3pp</i>
<i>NPM</i>	<i>28.7%</i>	<i>31.8%</i>	<i>3.1pp</i>	<i>30.3%</i>	<i>26.8%</i>	<i>32.5%</i>	<i>31.1%</i>	<i>4.3pp</i>

Source: Company report, Sunwah Kingsway Research

Fig 3: Overseas sales growth boosted company's topline

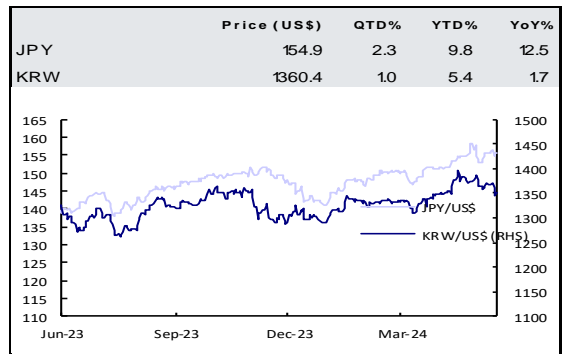
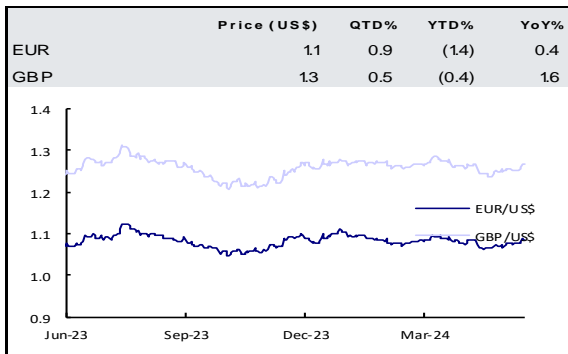
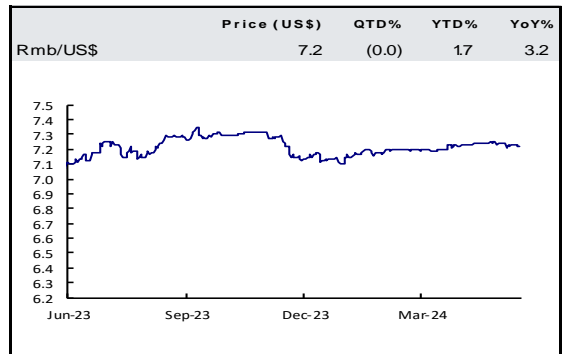
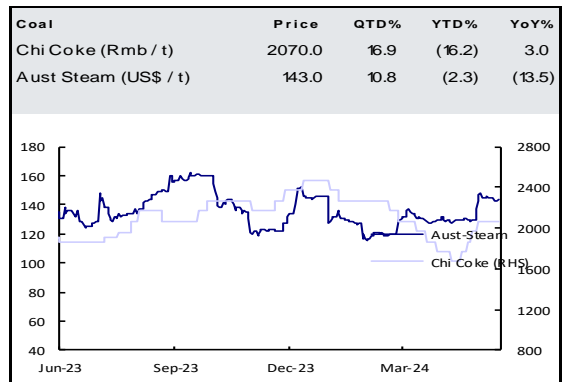
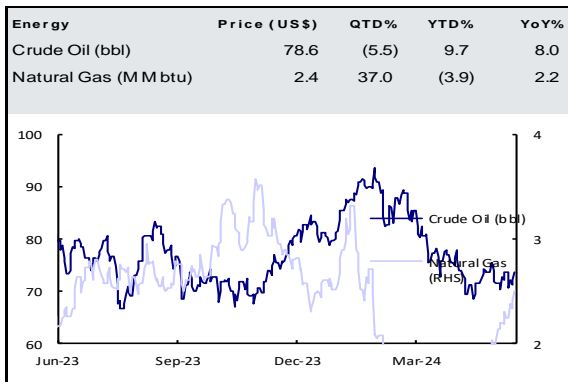
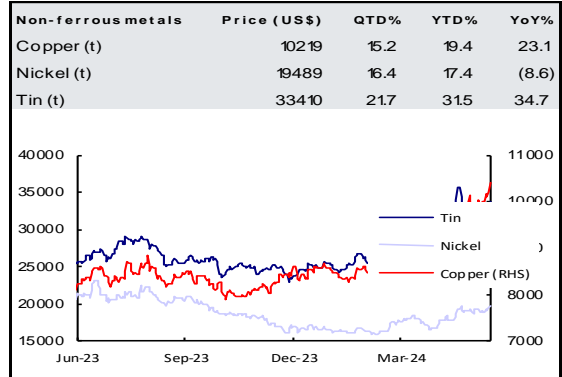
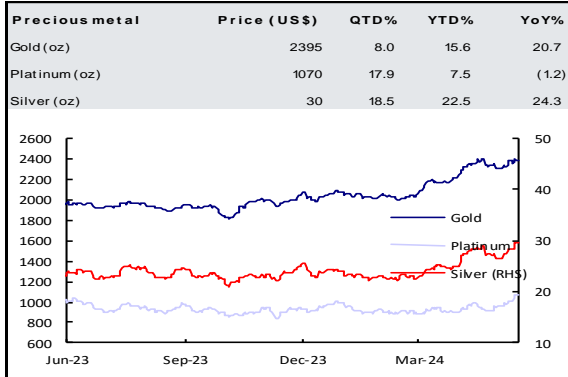
(HK\$ mn)	FY23	FY24	YoY	1HFY23	2HFY23	1HFY24	2HFY24	YoY
By products								
Revenue	17,351	18,411	6%	9,289	8,062	8,938	9,474	18%
Sofas	12,299	12,659	3%	6,708	5,591	6,177	6,482	16%
Bedding	2,727	2,988	10%	1,390	1,337	1,491	1,496	12%
Other products	1,417	1,820	28%	850	567	907	913	61%
Other business	296	271	-8%	62	234	65	206	-12%
Home Group	613	674	10%	279	333	298	376	13%
Operating profit	2,667	3,231	21%	1,438	1,229	1,616	1,615	31%
Sofas	1,841	2,143	16%	1,100	741	1,154	989	33%
Bedding	640	659	3%	324	316	374	285	-10%
Other products	52	226	336%	27	24	68	158	550%
Other business	175	199	14%	9	167	19	181	9%
Home Group	-40	3	-108%	-21	-19	1	2	-112%
OPM	15.4%	17.5%	2.2pp	15.5%	15.2%	18.1%	17.0%	1.8pp
Sofas	15.0%	16.9%	2pp	16.4%	13.3%	18.7%	15.3%	2pp
Bedding	23.5%	22.0%	-1.4pp	23.3%	23.7%	25.1%	19.0%	-4.6pp
Other products	3.7%	12.4%	8.8pp	3.2%	4.3%	7.5%	17.4%	13.1pp
Other business	59.2%	73.6%	14.5pp	13.7%	71.2%	28.8%	87.7%	16.4pp
Home Group	-6.6%	0.5%	7.1pp	-7.5%	-5.8%	0.4%	0.6%	6.4pp
By regions								
Revenue	17,351	18,411	6%	9,289	8,062	8,938	9,474	18%
China	11,389	12,258	8%	5,775	5,613	6,070	6,188	10%
North America	4,189	4,284	2%	2,564	1,625	2,037	2,247	38%
Europe	1,149	1,326	15%	547	602	548	778	29%
Other	624	543	-13%	403	222	282	261	18%

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		19,376.53	1.6				10.2	9.6	9.0	4.0%	5.8	19.2	18.6	
HANG SENG CHINA ENT IND	HSCEI		6,871.38	1.9				9.3	9.0	8.2	3.8%	6.4	19.5	23.6	
CSI 300 INDEX	SHSZ300		3,640.36	0.4				14.3	12.3	10.9	3.2%	(0.7)	2.1	8.2	
FUYAO GLASS	3606 HK	138,935	49.60	0.6	LONG	41.50	(16.3)	21.3	17.9	15.2	3.7%	3.3	22.6	35.3	1-Sep-20
BEUR	3718 HK	1,778	0.50	1.0	LONG	1.80	260.0	6.3	5.3	4.3	7.4%	3.1	4.2	(3.8)	30-Mar-21
BINJIANG SERVICES	3316 HK	5,418	19.60	4.7	LONG	23.50	19.9	10.2	8.4	6.9	8.5%	9.0	19.5	25.2	N/A
BYDE	285 HK	76,271	33.85	0.0	NEUTRAL	17.60	(48.0)	17.5	13.8	10.9	2.0%	15.5	37.0	9.5	N/A
CHINA LILANG	1234 HK	5,532	4.62	(3.5)	LONG	5.32	15.2	9.6	8.4	7.5	8.9%	(2.3)	(4.7)	11.7	N/A
CHINASOFT INTL	354 HK	13,251	4.66	(2.1)	LONG	12.80	174.7	16.7	13.1	10.1	2.2%	0.9	4.0	(1.3)	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,517	4.60	1.3	LONG	8.70	89.1	8.6	7.4	6.7	4.6%	(2.7)	(1.9)	5.5	26-Feb-20
DUIBA GROUP	1753 HK	372	0.35	3.0	LONG	5.55	1508.7	11.1	N/A**	N/A**	N/A**	0.0	19.0	46.8	N/A
EDVANTAGE GROUP	382 HK	3,083	2.70	(1.8)	LONG	4.50	66.7	4.3	3.9	3.6	8.0%	8.9	14.4	13.0	3-May-22
EVERGREEN PG	1962 HK	325	0.50	(2.9)	LONG	1.75	253.5	6.3	N/A**	N/A**	N/A**	(2.9)	4.2	0.0	26-Jan-21
HUAHONG SEMI	1347 HK	36,980	17.84	1.6	NEUTRAL	26.30	47.4	21.0	29.3	17.6	0.0%	13.9	23.2	9.0	29-Jul-21
KINGDEE INTL	268 HK	32,308	8.99	(1.9)	NEUTRAL	17.62	96.0	N/A**	N/A**	106.7	0.0%	1.8	15.1	10.6	20-Aug-20
MEIDONG AUTO	1268 HK	3,837	2.85	2.2	LONG	19.76	593.3	25.3	9.4	5.9	5.2%	3.3	9.6	(11.2)	3-Apr-23
MINGYUAN CLOUD	909 HK	5,764	2.93	2.4	NEUTRAL	28.00	855.6	N/A**	N/A**	N/A**	1.0%	9.3	42.5	30.2	N/A
PLOVER BAY TECH	1523 HK	3,170	2.88	(1.4)	LONG	1.70	(41.0)	14.5	12.3	10.9	1.0%	0.0	7.1	32.9	6-Aug-20
POU SHENG INTL	3813 HK	3,569	0.67	0.0	LONG	2.80	317.9	6.5	5.1	4.0	6.9%	1.5	9.8	13.6	16-Nov-20
Q TECH	1478 HK	4,584	3.87	1.6	NEUTRAL	4.97	28.4	51.5	14.6	9.9	0.5%	10.6	16.2	26.9	10-Aug-22
SUNNY OPTICAL	2382 HK	47,350	43.25	1.1	LONG	160.80	271.8	39.7	23.1	17.0	1.2%	6.4	15.5	(14.4)	17-Aug-22
TRYLY INTL	732 HK	2,940	0.93	(4.1)	LONG	2.80	201.1	11.2	N/A**	N/A**	N/A**	3.3	16.3	36.8	8-Apr-21
XINYI ENERGY	3868 HK	9,825	1.19	0.8	LONG	1.62	36.1	9.4	8.2	7.2	6.8%	8.2	12.3	11.2	29-Feb-24
XINYI GLASS	868 HK	40,936	9.69	3.9	LONG	18.60	92.0	7.5	7.1	7.1	7.0%	(0.3)	17.6	35.3	28-Feb-23
XINYI SOLAR	968 HK	51,054	5.73	0.7	LONG	7.20	25.7	12.2	9.8	7.7	6.1%	3.4	6.1	40.8	29-Feb-24
XTEP INTL	1368 HK	15,479	5.86	(1.8)	LONG	11.91	103.2	13.3	11.9	10.3	4.4%	16.7	34.1	36.0	17-Apr-23
YONGDA AUTO	3669 HK	4,318	2.24	(1.3)	LONG	6.73	200.4	7.0	6.1	4.7	9.0%	6.2	12.0	12.0	28-Mar-23
YUEXU PROPERTY	123 HK	23,347	5.80	8.8	LONG	13.00	124.1	6.1	6.0	5.8	6.5%	19.1	54.3	6.0	10-Feb-23
WEIMOB	2013 HK	5,539	1.80	1.1	LONG	14.40	700.0	N/A**	333.2	24.9	0.0%	16.9	33.3	(6.2)	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		16-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
Wholesale Inventories	MoM		30-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
CPI	MoM		12-Jun-24
PPI	MoM		13-Jun-24
Business Inventories	MoM		18-Jun-24
Retail Sales	MoM		18-Jun-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		17-May-24
Industrial Production	MoM		17-May-24
PMI Manufacturing	MoM		31-May-24
Trade Balance	MoM		7-Jun-24
Foreign Exchange Reserves	QoQ		7-Jun-24
Money Supply - M2	MoM		9-Jun-24
PPI	MoM		12-Jun-24
CPI	MoM		12-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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