

What's Hot Today:

► **Pou Sheng (3813 HK, HK\$0.50, HK\$2.66bn) navigating with topline Challenges**

1Q25 results in line. Pou Sheng International, a leading sportswear retailer mainly distributing Nike and Adidas, reported a 5.4% YoY decline in revenue to RMB5.1bn during the quarter. The drop was attributable to a 9% decline in offline retail offsetting the mid-double digit online growth. On a positive note, the pace of revenue decline has improved compared to FY24 Q1-Q2. However, profitability did not follow the same trend (see Fig.1-3). Gross profit stood at RMB 1.7bn, with a net profit of RMB148mn, down 6.8% and 18% YoY, respectively. Both GPM and NPM edged down 0.5ppts YoY to 32.7% and 2.9%, respectively.

Topline headwinds remain. April's sales registered a 15.3% YoY decline to RMB1.37bn. This represents a notable deterioration from Q1's 5.4% contraction, likely due to weaker consumption sentiment triggered by the U.S. tariff policies. Sportswear brands are expected to face pressure on inventory digestion in the near term. Nike indicated that it will increase the discount rate in 3Q25 to accelerate inventory clearance, which is expected to weigh on Pou Sheng's performance.

Enhancing online channel. Online sales were up 20% YoY in 1Q25, with livestreaming sales surging 230% YoY. Online contribution reached a historical high, to about 32% of the total revenue. The company continues to strengthen its online channel like cooperating with KOLs on Douyin livestreaming and operating multi brands on WeChat store. Looking forward, the Mgt expects online sales contribution to remain at around 30%.

Our view: Pou Sheng's sales is expected to remain under pressure in the near term due to inventory digestion. In FY24, its dividend payout ratio reached 60%, with an attractive yield of 10%. Given a solid net cash position of RMB2.6bn as at the end of 2024, the company expects continuous improvement on shareholder's return in the following years. The counter is currently trading at 0.28x PB with a forward FY25 PE of 5.0x. (Ensley LIU)

China & HK Indices	CLOSE	1D	YTD
HSI	23,108	-1.9%	15.2%
HSCBI	8,386	-2.0%	15.0%
HSCCI	3,819	-1.0%	1.0%
CSI300	3,896	0.1%	-1.0%
Shanghai A	3,537	0.2%	-2.5%
Shanghai B	260	-0.5%	-2.5%
Shenzhen A	2,092	-0.2%	2.2%
Shenzhen B	1,192	0.2%	-1.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	42,140	-0.6%	-0.9%
S&P 500	5,886	0.7%	0.1%
Nasdaq	19,010	1.6%	-1.6%
Nikkei Index	38,288	0.3%	-4.0%
FTSE Index	8,602	-0.0%	5.3%
CAC Index	7,873	0.3%	6.7%
DAX Index	23,638	0.3%	18.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,250	0.4%	23.6%
STEEL (US\$/oz.)	1,926	3.8%	7.9%
SILVER (US\$/oz.)	32	1.0%	13.6%
CRUDE OIL (US\$/bbl)	63	2.8%	-11.3%
COPPER (US\$/oz.)	9,599	1.6%	9.5%
ALUMINIUM (US\$/oz.)	2,490	3.0%	-2.4%
PLATINUM (US\$/oz)	992	0.9%	9.0%
ZINC (US\$/oz.)	2,705	1.9%	-9.2%
WHEAT (US\$/bu)	501	-0.8%	-9.1%
CORN (US\$/bu)	442	-1.2%	-5.5%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,072	0.1%	4.1%
PVC (US\$/t.)	N/A	N/A	-8.1%
CRB	300	1.8%	3.0%
BDI			30.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.797	0.894	147.480	0.840	7.205
HKD	0.128		0.115	18.916	10.767	0.924
EUR	1.119	8.721		164.960	1.065	8.058
JPY	0.007	5.287	0.606		0.569	0.049
CHF	1.191	9.288	1.065	175.669		8.576
RMB	0.139	1.082	0.124	20.472	0.117	

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	18	-26.4%

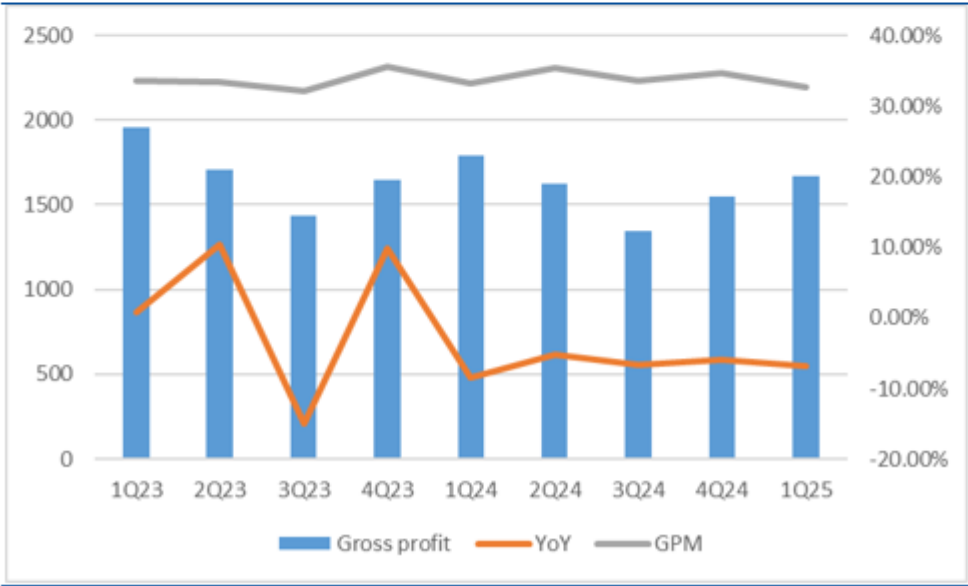
Source: Bloomberg

Fig 1: Quarterly revenue(RMB mn) and YoY



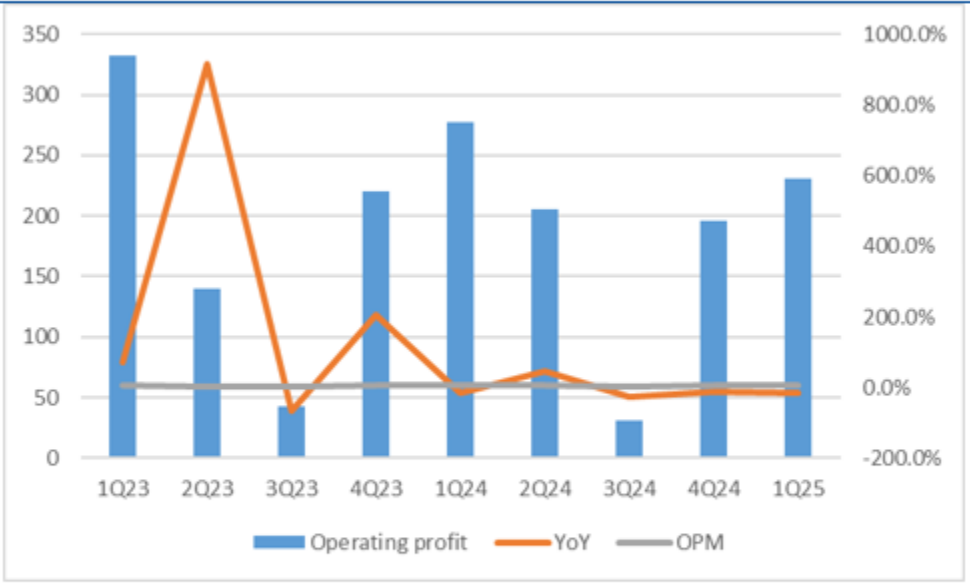
Source: Company Data, Sunwah Kingsway Research

Fig 2: Quarterly gross profit (RMB mn) and YoY



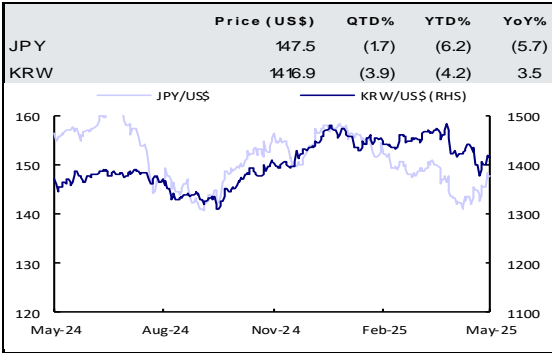
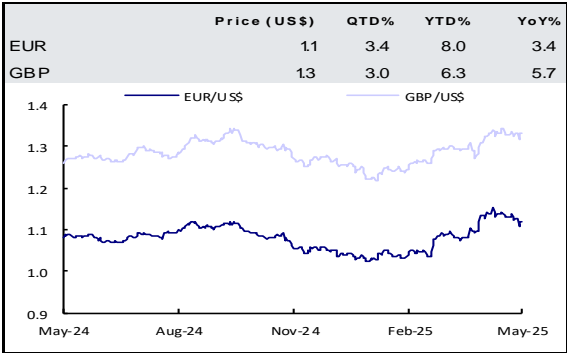
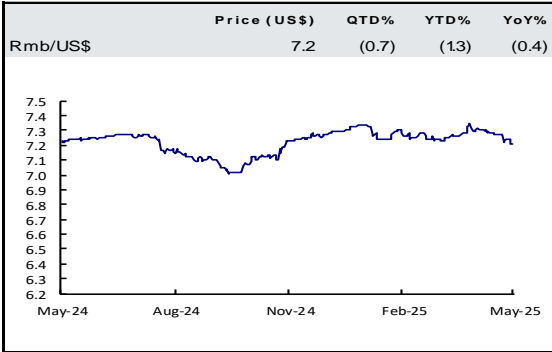
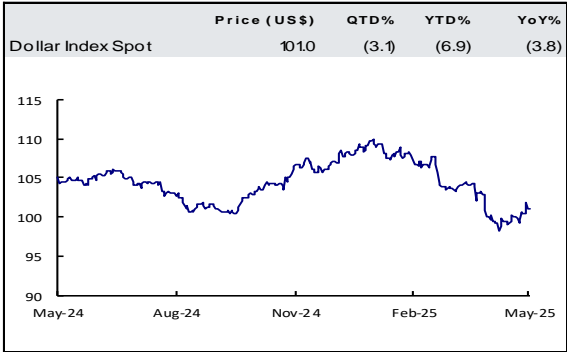
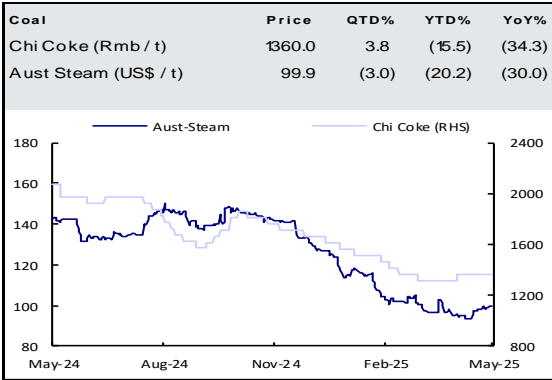
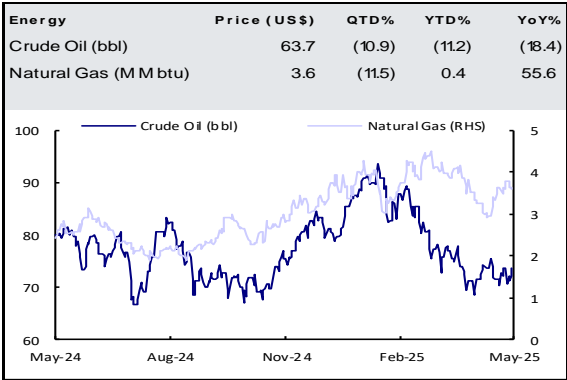
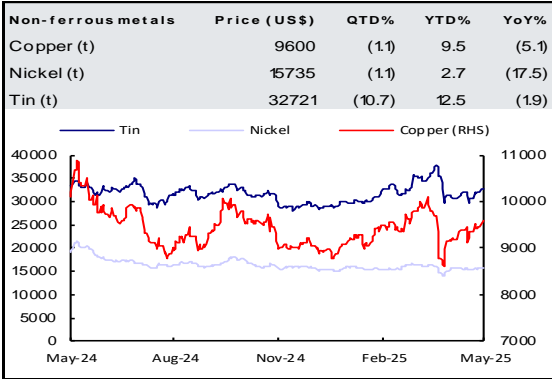
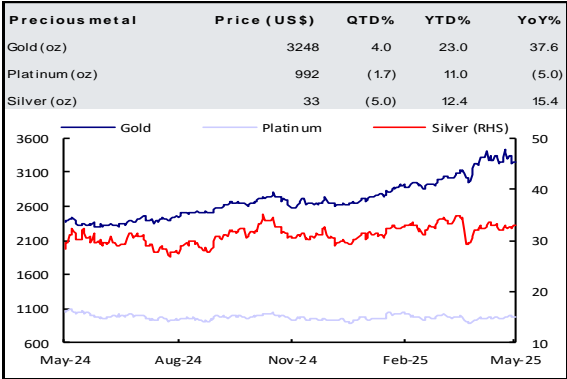
Source: Company Data, Sunwah Kingsway Research

Fig 3: Quarterly operating profit (RMB mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		13-May-25
Initial Jobless Claims	WoW		15-May-25
PPI	MoM		15-May-25
Business Inventories	MoM		15-May-25
Retail Sales	MoM		15-May-25
Industrial Production	MoM		15-May-25
Housing Starts / Building Permits	MoM		16-May-25
Existing Home Sales	MoM		22-May-25
New home Sales	MoM		23-May-25
Durable Goods Orders	MoM		27-May-25
Consumer Confidence	MoM		27-May-25
GDP	QoQ		29-May-25
Wholesale Inventories	MoM		30-May-25
Personal Income & Spending	MoM		30-May-25
ISM Manufacturing PMI	MoM		2-Jun-25
Factory Orders	MoM		3-Jun-25
Trade Balance	MoM		5-Jun-25
Employment Report	MoM		6-Jun-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		14-May-25
Retail Sales	MoM		19-May-25
Industrial Production	MoM		19-May-25
PMI Manufacturing	MoM		31-May-25
Foreign Exchange Reserves	QoQ		7-Jun-25
Trade Balance	MoM		9-Jun-25
PPI	MoM		9-Jun-25
CPI	MoM		9-Jun-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
GDP	QoQ		16-May-25
Unemployment Rate	MoM		20-May-25
CPI	MoM		22-May-25
Trade Balance	MoM		26-May-25
Money Supply - M2	MoM		30-May-25
Retail Sales	MoM		2-Jun-25
PMI	MoM		4-Jun-25
Foreign Currency Reserve	MoM		6-Jun-25
Producer Prices Index	QoQ		12-Jun-25
Industrial Production	QoQ		12-Jun-25
Composite Interest Rate	MoM		

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