

## What’s Hot Today:

► **Man Wah (1999 HK, HK\$4.37, HK\$16.9bn) domestic consumer sentiment weakened**

**Weak 2HFY25 sales but better profitability.** Man Wah engaged in the manufacturing and selling of sofas mainly under its own brand Cheers and OEMs for overseas markets. The company reported its March 2025 full year results with revenue in 2H25 falling by 9.3% YoY to HK\$8.6bn, 8% below the consensus. However, thanks to lower material cost, GPM improved by 1.8ppts YoY/2.0ppts HoH to a multi-year high level of 41.5%. NPM weakened by 1.6ppts YoY/3.2ppts HoH to 11%, as one-off losses surged by 166% YoY. Net profit stood at HK\$924mn, down 21% YoY. Excluding one-off items, net profit saw LSD growth YoY. The company declared a final dividend of 12 HK cent per share, with a full year payout ratio of 51% and a dividend yield of 6.2%.

**Overseas markets showed stronger demand while China remained sluggish.** China market, which contributed 59% of revenue, declined 16% YoY in 2H25 due to weak consumption demand. Although the Chinese government implemented consumer subsidies from Sep 2024, the YoY decline of Man Wah’s China market in H2 remained constant compared to H1. North America (26% of total) in 2H25 grew modestly by 1%. Europe (10% of total) rose 5%. Other markets (4% of total) surged 24%.

**Takeaways from the earnings call.** 1. The Mgt pointed out that the US tariff policy has limited impact on the company, as products for the US market are mainly sourced from Vietnam and Mexico factories. The sales trend in 1QFY26 is expected to be similar to FY25. Orders before the 90-day tariff relief remained stable, though clients are more prudent for orders as there is still uncertainties with the negotiation on the tariff. 2. As the subsidies in China has been in place for over nine months and the possibility of increasing the subsidy is rather unlikely, demand stimulus effect for the rest of 2025 would be limited. 3. Man Wah continues its expansion and expect to achieve 300 net store openings in China in FY26. The Mgt intends to capture the opportunities of prime locations at reasonable rents.

**Our view:** Due to the weak demand and intense competition in the recliner sofa market, the China market remains under pressure in the short term. The US tariffs would be another swing factor near term. We are of the view that its top-line for 1H FY26 will continue to face downside risk. The counter is trading at 7.4x FY23 P/E. (Ensley LIU)

China & HK Indices	CLOSE	1D	YTD
HSI	23,453	-0.8%	16.9%
HSCBI	8,509	-1.0%	16.7%
HSCCI	3,854	-0.4%	1.9%
CSI300	3,907	-0.9%	-0.7%
Shanghai A	3,543	-0.7%	-3.2%
Shanghai B	258	-1.2%	-3.2%
Shenzhen A	2,074	-1.4%	1.3%
Shenzhen B	1,189	-0.7%	-2.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	42,322	0.6%	-0.5%
S&P 500	5,916	0.4%	0.6%
Nasdaq	19,112	-0.2%	-1.0%
Nikkei Index	37,625	-0.3%	-5.7%
FTSE Index	8,633	0.6%	5.6%
CAC Index	7,853	0.2%	6.4%
DAX Index	23,695	0.7%	19.0%

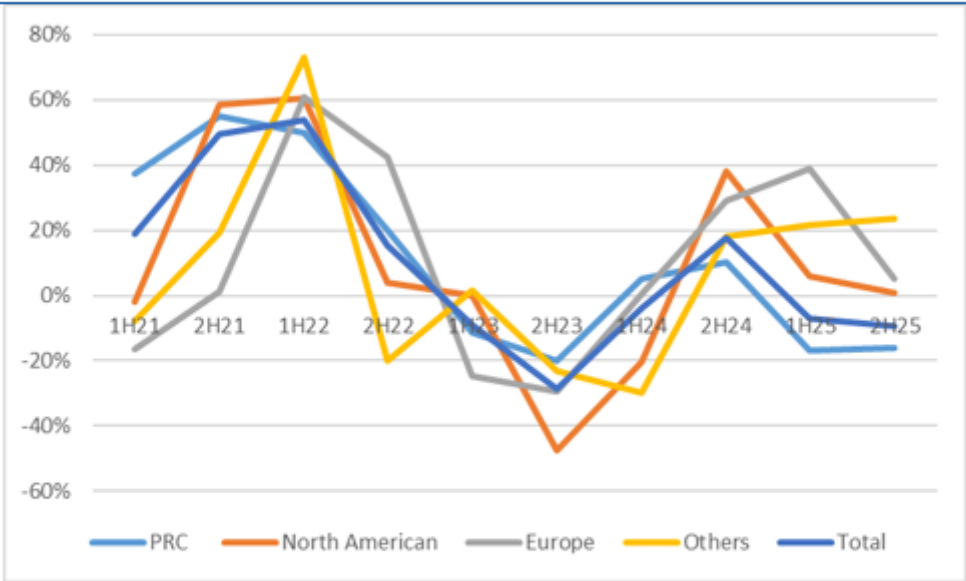
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,240	2.0%	23.2%
STEEL (US\$/oz.)	1,913	-0.7%	7.1%
SILVER (US\$/oz.)	32	1.3%	12.8%
CRUDE OIL (US\$/bbl)	61	-2.4%	-13.9%
COPPER (US\$/oz.)	9,577	-0.2%	9.2%
ALUMINIUM (US\$/oz.)	2,489	-0.0%	-2.4%
PLATINUM (US\$/oz)	994	0.9%	9.6%
ZINC (US\$/oz.)	2,724	0.7%	-8.5%
WHEAT (US\$/bu)	532	4.7%	-3.4%
CORN (US\$/bu)	448	0.7%	-4.0%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,051	-2.5%	1.7%
PVC (US\$/t.)	N/A	N/A	-8.1%
CRB	295	-1.6%	3.0%
BDI			27.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.806	0.894	145.670	0.836	7.207
HKD	0.128		0.115	18.664	10.707	0.924
EUR	1.119	8.732		162.970	1.070	8.056
JPY	0.007	5.358	0.614		0.574	0.049
CHF	1.196	9.340	1.070	174.290		8.626
RMB	0.139	1.083	0.124	20.214	0.116	

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	17	-20.7%

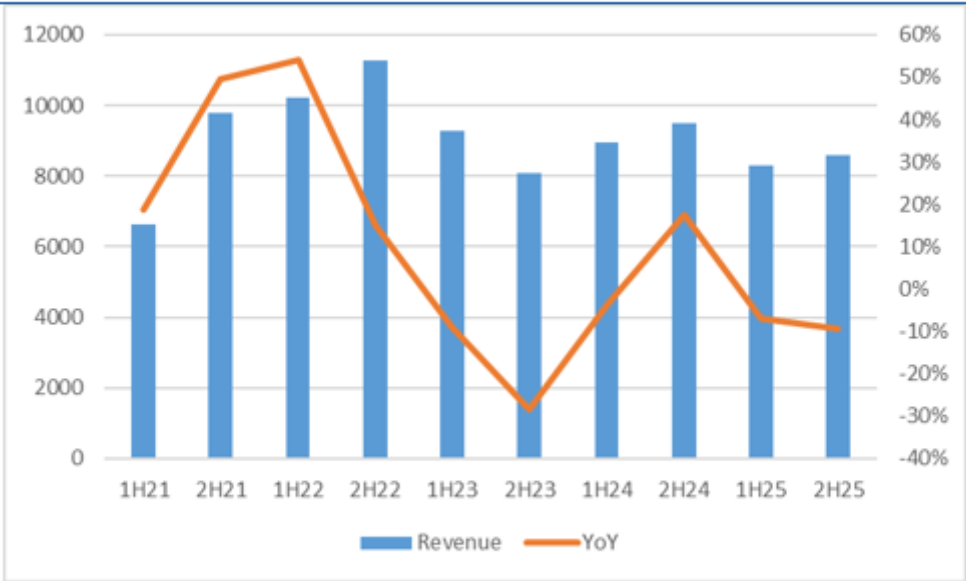
Source: Bloomberg

Fig 1: YoY change by market



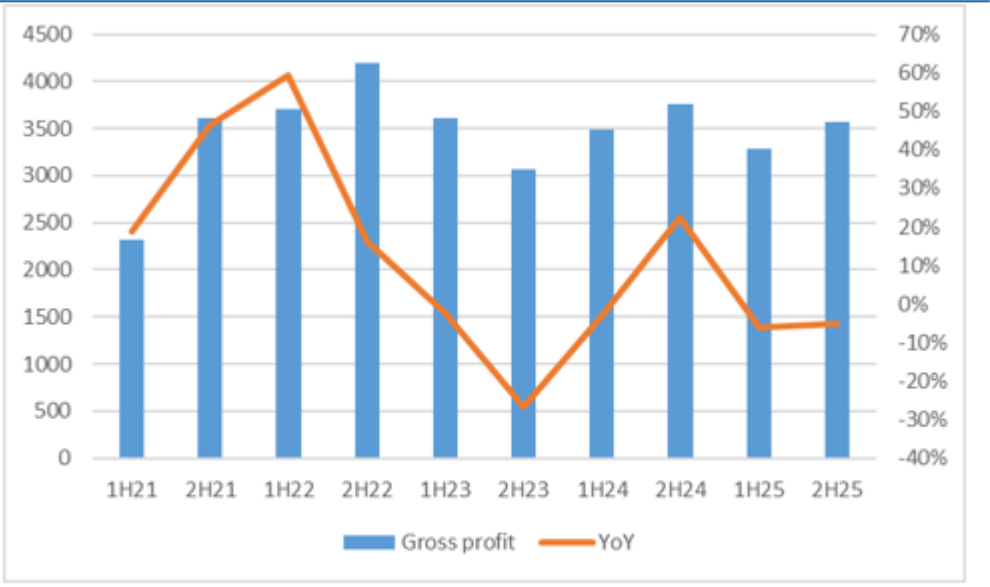
Source: Company Data, Sunwah Kingsway Research

Fig 2: Revenue(HK\$ mn) and YoY



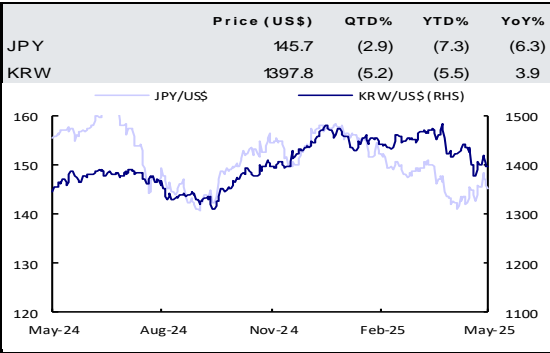
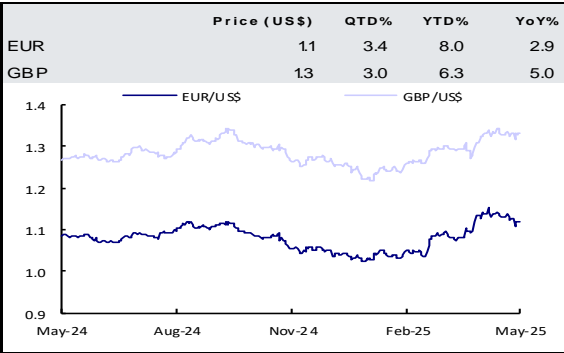
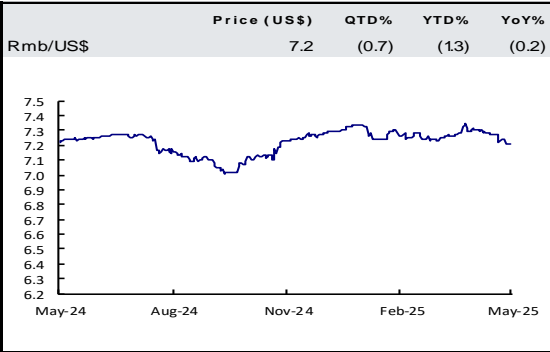
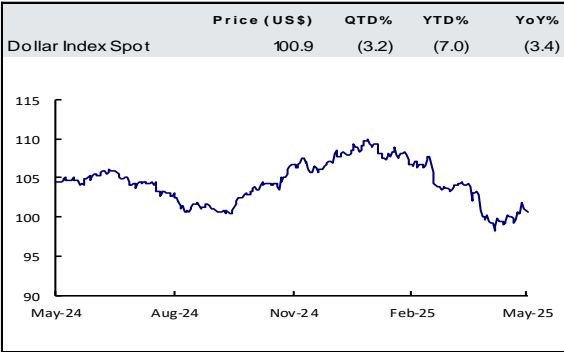
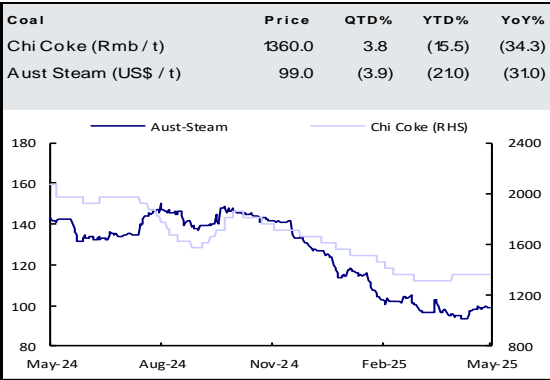
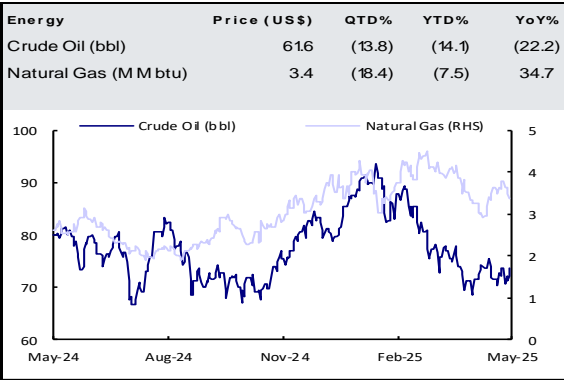
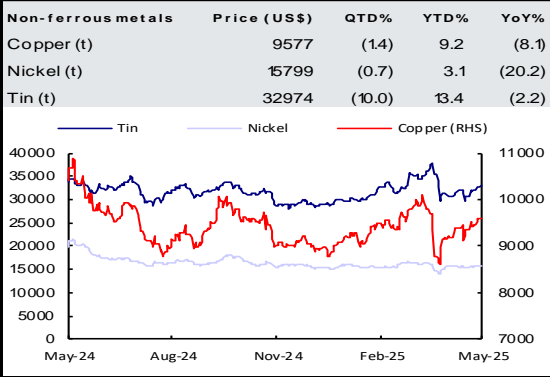
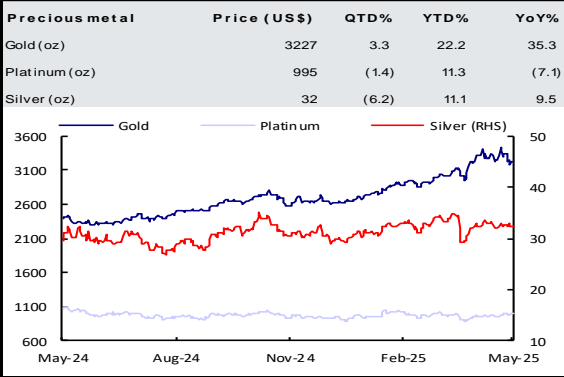
Source: Company Data, Sunwah Kingsway Research

Fig 3: Gross profit(HK\$ 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
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
CPI	MoM		11-Jun-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Money Supply - M2	MoM		9-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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