

What’s Hot Today:

► MINISO (9896 HK, HK\$42.25, HK\$52.9bn)

Solid revenue growth but margin under pressure

Revenue in line but profitability under pressure. Specialty retail chain Miniso reported its 1Q25 results with revenue increasing by 19% YoY to RMB4.4bn, largely in line with expectations. Gross margin reached 44.2% for a YoY improvement of 0.8 ppts. However, due to a higher S&M expense ratio of 23% (vs. 18.7% in 1Q24), adjusted net profit declined by 5% YoY to RMB587mn, 11% lower than expected. Adjusted NPM missed on 13.3%, down 3.3 ppts.

China market improved, overseas leaped 30% in 1Q25. Breaking down by regions, revenue of **Miniso Mainland China** grew by 9% during the quarter, driven by a net opening of 241 stores and an improving SSS trend. The SSS decline YTD narrowed to LSD from MSD in in 1Q25 and HSD in FY24. The traffic was down by LSD, while ASP remained flat YoY. The total number of Miniso Mainland China stores reached 4,275 in 1Q25. **Miniso Overseas** remained the key growth driver, with revenue increasing by 30% YoY, accounting for 36% of the total. The total number of overseas stores increased by 617 to 3,213. **Top Toy**, which sells mainly collectible toys similar to Popmart, recorded a 45% YoY increase in revenue and contributing to about 8% of the total revenue.

Takeaways from earnings call. 1.China Market Outlook: The Mgt is confident that SSS in the China market will turn positive in FY25. Regions concentrated with tier 1 and 2 cities, such as East China and South China, saw positive SSS YTD, while Northeast China continued to face some pressure. **2. US market:** Miniso has increased its inventory levels sufficient for 3 to 6 months of sales to mitigate the uncertainty from tariff policies. Furthermore, the company's goal is to develop a global supply chain to reduce its reliance on China. Currently, about 40% of the products for the US market are sourced domestically. **3. Yonghui's strategy in FY25:** As of May 19, the company completed upgrades to 78 stores. Yonghui’s store adjustment showed initial success, as the remodeled locations experienced better profitability. The Mgt plans to close 250-300 stores and adjust over 200 in FY25.

China & HK Indices	CLOSE	1D	YTD
HSI	23,601	0.2%	17.7%
HSCBI	8,583	0.3%	17.8%
HSCCI	3,929	0.3%	3.9%
CSI300	3,882	-0.8%	-1.3%
Shanghai A	3,509	-0.9%	-2.0%
Shanghai B	261	0.4%	-2.0%
Shenzhen A	2,064	-0.9%	0.8%
Shenzhen B	1,196	-0.2%	-1.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	41,603	-0.6%	-2.2%
S&P 500	5,802	-0.7%	-1.3%
Nasdaq	18,737	-1.0%	-3.0%
NIKKEI Index	37,309	0.4%	-6.5%
FTSE Index	8,717	-0.2%	6.7%
CAC Index	7,734	-1.7%	4.8%
DAX Index	23,629	-1.5%	18.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,357	1.9%	27.2%
STEEL (US\$/oz.)	1,874	-0.5%	5.0%
SILVER (US\$/oz.)	33	1.3%	15.7%
CRUDE OIL (US\$/bbl)	61	0.5%	-13.9%
COPPER (US\$/oz.)	9,610	0.8%	9.6%
ALUMINIUM (US\$/oz.)	2,463	-0.3%	-3.4%
PLATINUM (US\$/oz)	1,097	1.4%	21.1%
ZINC (US\$/oz.)	2,701	0.3%	-9.3%
WHEAT (US\$/bu)	542	-1.2%	-1.6%
CORN (US\$/bu)	459	-0.3%	-2.0%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,060	-0.2%	2.5%
PVC (US\$/t.)	N/A	N/A	-8.1%
CRB	296	-0.6%	3.0%
BDI			34.4%

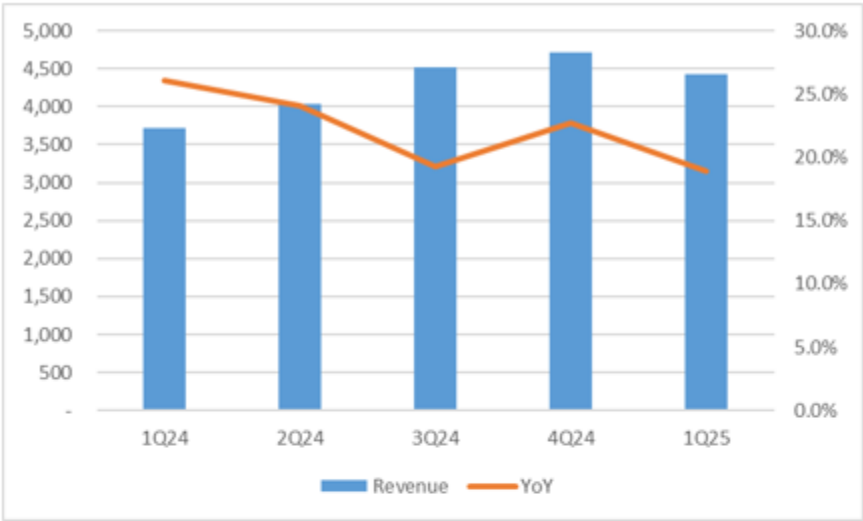
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.832	0.880	142.560	0.821	7.181
HKD	0.128		0.112	18.201	10.483	0.917
EUR	1.136	8.901		161.910	1.072	8.158
JPY	0.007	5.494	0.617		0.576	0.050
CHF	1.218	9.539	1.072	173.651		8.748
RMB	0.139	1.091	0.123	19.846	0.114	

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	22	29.3%

Source: Bloomberg

Our view: Benefiting from its overseas expansion, Miniso is expected to maintain its sales momentum. However, we are concerned about MINISO's operating margin, due to the US tariff policy, and more self-operate stores in overseas markets. Furthermore, as Yonghui is still undergoing a shift in strategy, uncertainties still persist. The counter is trading at 19.6x FY25 P/E. (Ensley LIU)

Fig 1: Revenue and YoY



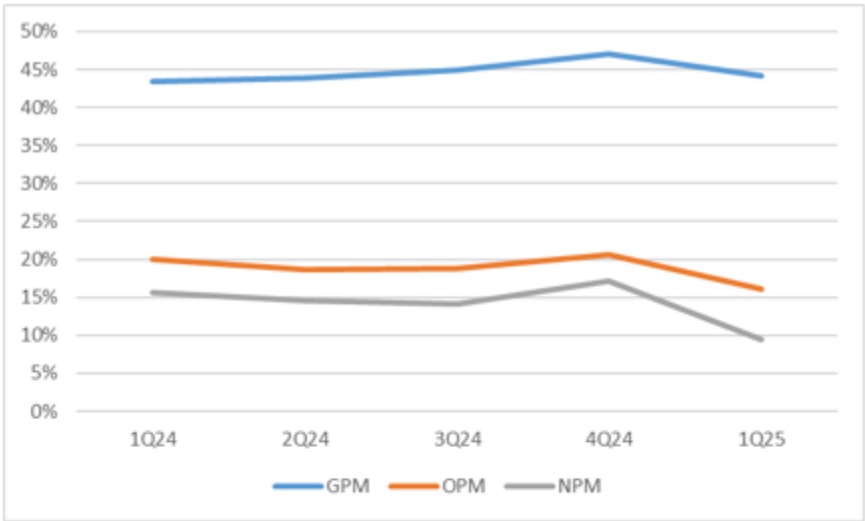
Source: Company Data, Sunwah Kingsway Research

Fig 2: Net profit and YoY



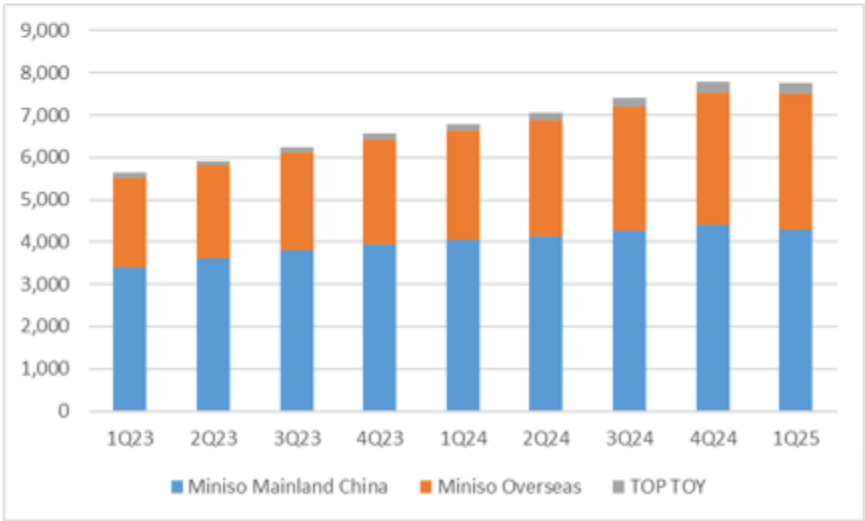
Source: Company Data, Sunwah Kingsway Research

Fig 3: Margins



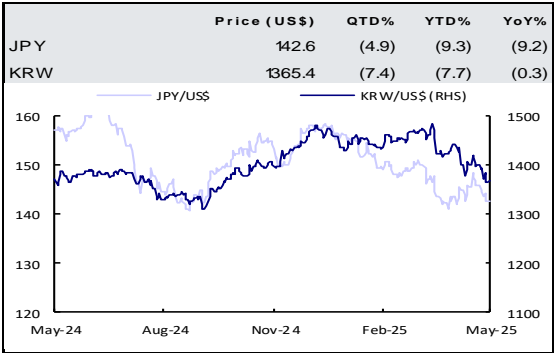
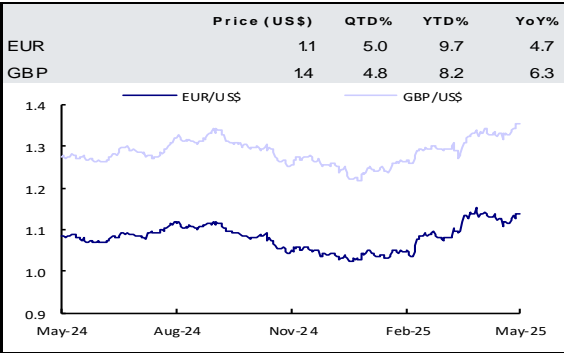
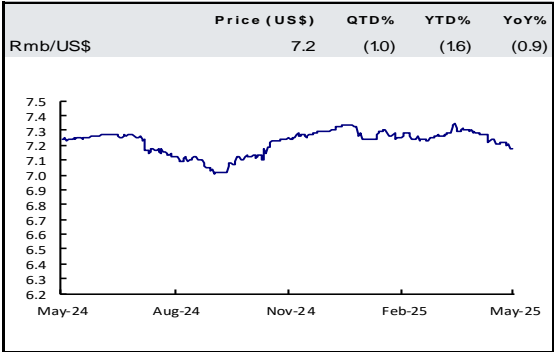
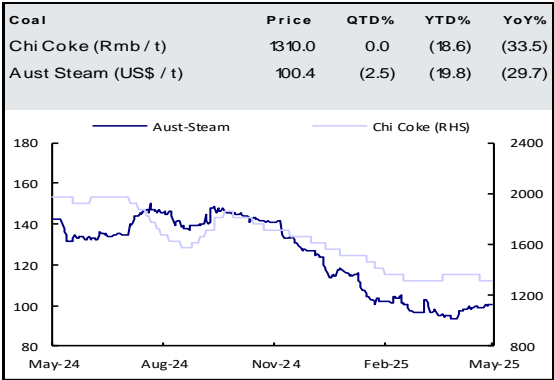
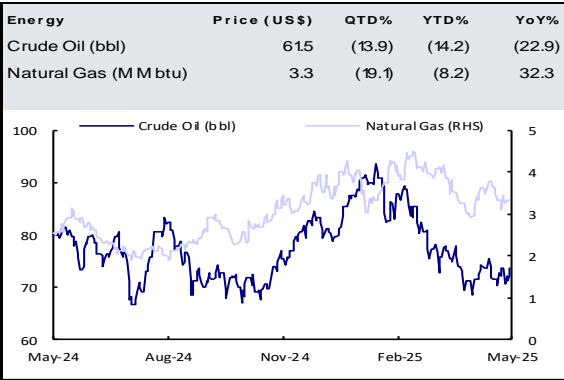
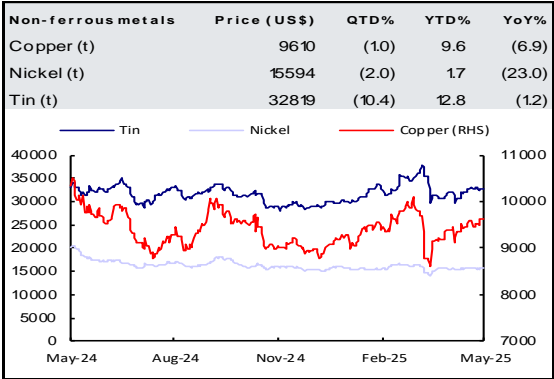
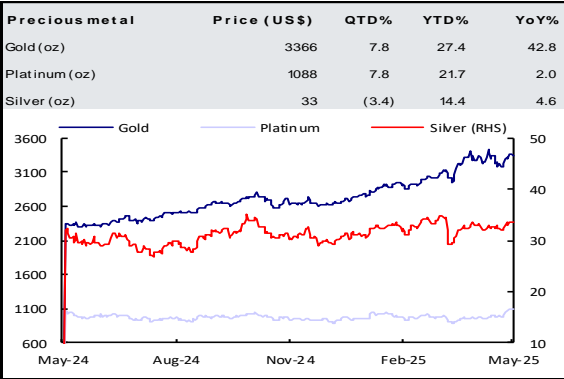
Source: Company Data, Sunwah Kingsway Research

Fig 4: Miniso stores



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Durable Goods Orders	MoM		27-May-25
Consumer Confidence	MoM		27-May-25
Initial Jobless Claims	WoW		29-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
PPI	MoM		12-Jun-25
Business Inventories	MoM		17-Jun-25
Retail Sales	MoM		17-Jun-25
Industrial Production	MoM		17-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
New home Sales	MoM		25-Jun-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Retail Sales	MoM		16-Jun-25
Industrial Production	MoM		16-Jun-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Unemployment Rate	MoM		17-Jun-25
CPI	MoM		20-Jun-25
GDP	QoQ		31-Jul-25
Composite Interest Rate	MoM		

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