

What’s Hot Today:

► Sa Sa (178 HK, HK\$0.62, HK\$1.9bn) sees recovery in HK and Macau market

Earnings missed on operating deleveraging. Sa Sa, a leading beauty products retailer in Hong Kong and China, reported FY3/25 revenue of HK\$3.9bn, down 10% YoY, dragged by mainland, HK and Macau market but partly offset by a 15% growth in Southeast Asia, largely in line with expectations. GPM narrowed slightly by 1ppt YoY to 39.8%. While admin expenses increased by 3% YoY and S&M expenses down by 3% YoY, net profit plunged 65% YoY to HK\$77mn, with a NPM of 2.0%, down 3ppts YoY. A final dividend of 1.7 HK cents was declared. In addition to an interim dividend of 0.75 HK cents, full-year dividend declined 51% YoY, with a payout ratio of 68% and a yield of 4%.

HK and Macau market: improvement on track. Accounting for 76% of total, the two markets recorded a 12% YoY drop in revenue to HK\$3.0bn. However, offline sales have shown signs of improvement, as SSS decline narrowed from MDD in 1Q25 to LSD in 4Q25. Meanwhile, revenue from April to mid-June 2025 increased by 9.5% YoY to HK\$625mn. In view of easing rental costs in HK, Sa Sa will continue to expand in both residential areas and tourist districts to capitalize on market opportunities.

Mainland market: will close all outlets and switch to online only. The Mainland market recorded a revenue of HK\$520mn, reflecting an 11% YoY decline amid a net closure of 14 stores. Excluding closure cost provisions, the net loss contracted by 13% YoY to HK\$15mn. Sa Sa plans to close all physical stores by June 30, 2025, and focuses only on online operations. In FY25, e-commerce revenue grew marginally by 0.6% YoY to HK\$418mn, accounting for 80% of segment revenue. This business model transition is expected to alleviate losses and reallocate resources. The Mgt expects that its Mainland business to turnaround as soon as 2H26.

Our view: Policy support such as multiple-entry visas, and major concerts could drive short-term traffic yet the northbound consumption trend and weak consumer sentiment continues to haunt the HK market. Meanwhile, online operations across all regions have demonstrated satisfactory momentum. We believe niche brands and private-label products could help Sa Sa differentiate itself from the fierce e-commerce competition. The counter is trading at 8.8x FY26 P/E. (Ensley LIU)

China & HK Indices	CLOSE	1D	YTD
HSI	23,237	-2.0%	15.8%
HSCEI	8,410	-2.1%	15.4%
HSCCI	4,007	-2.0%	6.0%
CSI300	3,843	-0.8%	-2.3%
Shanghai A	3,524	-0.8%	-5.7%
Shanghai B	252	-0.4%	-5.7%
Shenzhen A	2,072	-1.5%	1.2%
Shenzhen B	1,160	-0.4%	-4.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	42,171	-0.1%	-0.9%
S&P 500	5,980	-0.0%	1.7%
Nasdaq	19,546	0.1%	1.2%
Nikkei Index	38,579	0.2%	-3.3%
FTSE Index	8,791	-0.6%	7.6%
CAC Index	7,553	-1.3%	2.3%
DA-X Index	23,057	-1.1%	15.8%

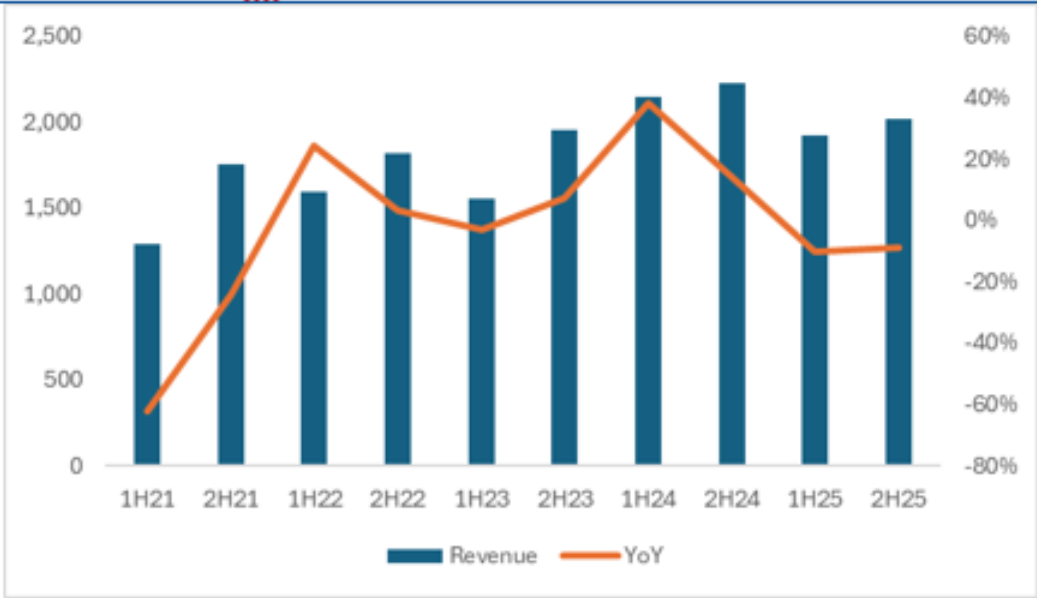
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,370	0.0%	28.2%
STEEL (US\$/oz.)	1,951	-0.9%	9.3%
SILVER (US\$/oz.)	36	-1.0%	25.8%
CRUDE OIL (US\$/bbl)	75	0.4%	6.0%
COPPER (US\$/oz.)	9,615	-0.6%	9.7%
ALUMINIUM (US\$/oz.)	2,521	-1.1%	-1.2%
PLATINUM (US\$/oz)	1,302	-1.4%	43.5%
ZINC (US\$/oz.)	2,640	0.1%	-11.3%
WHEAT (US\$/bu)	574	4.6%	3.3%
CORN (US\$/bu)	444	1.2%	0.0%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,068	0.0%	4.0%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	314	1.4%	3.0%
BDI			88.0%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.870	145.450	0.817	7.188
HKD	0.127		0.111	18.530	10.403	0.916
EUR	1.150	9.024		167.160	1.065	8.256
JPY	0.007	5.397	0.598		0.562	0.049
CHF	1.224	9.613	1.065	178.053		8.802
RMB	0.139	1.092	0.121	20.242	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	23.0%

Source: Bloomberg

Fig 1: Revenue (HK\$'mn) and YoY



Source: Company Data, Sunwah Kingsway Research



Fig 2: Gross profit (HK\$ mn) and YoY



Source: Company Data, Sunwah Kingsway Research

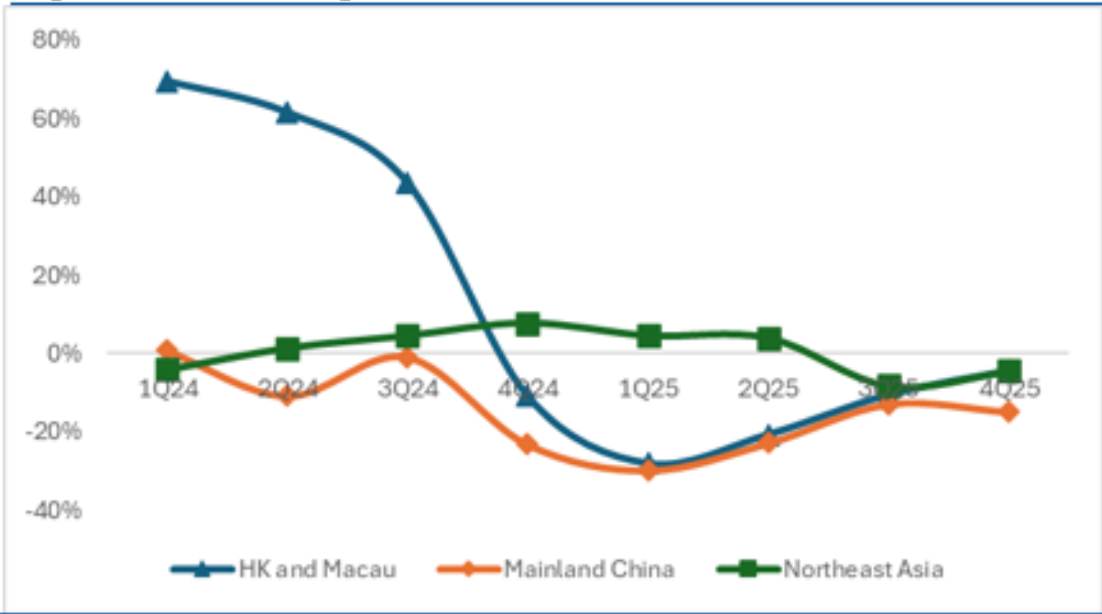
Fig 3: Operating profit and net profit (HK\$ mn) and YoY



Source: Company Data, Sunwah Kingsway Research

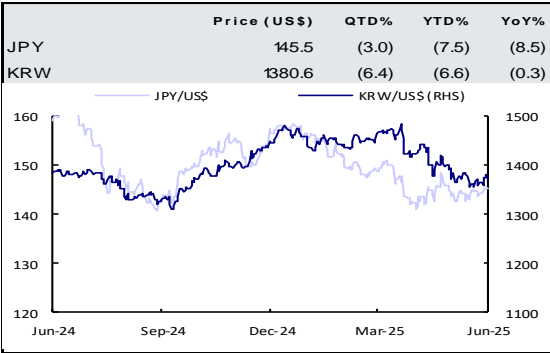
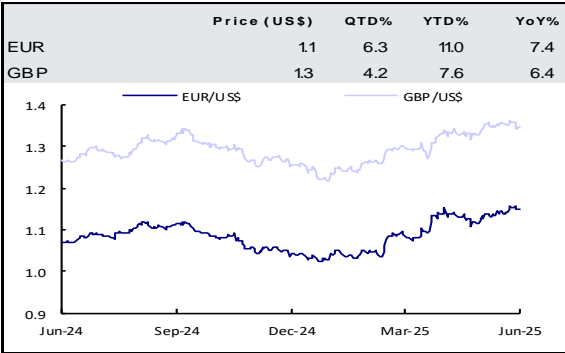
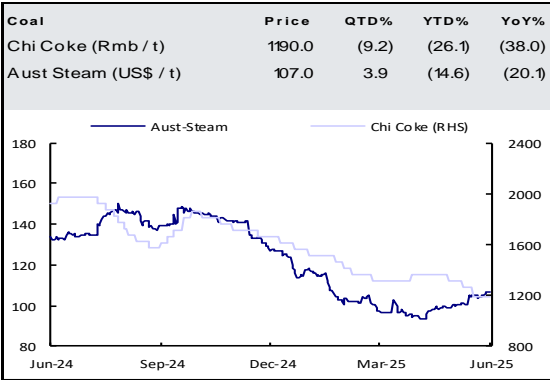
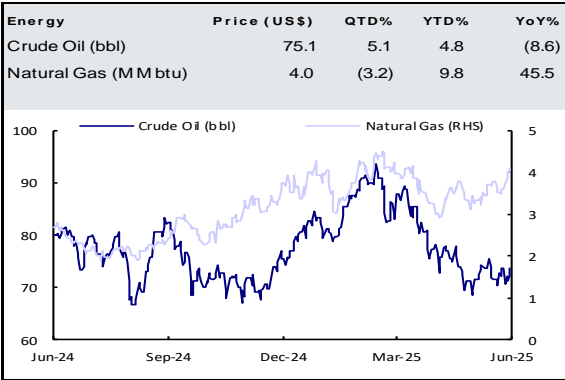
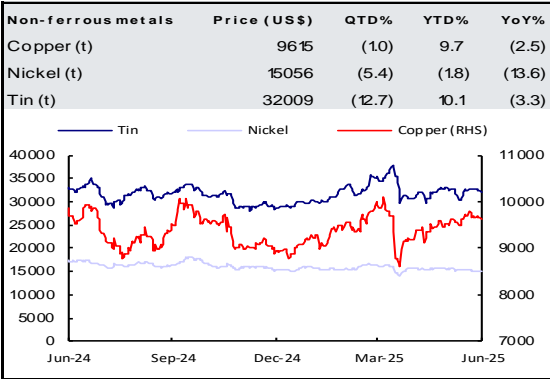
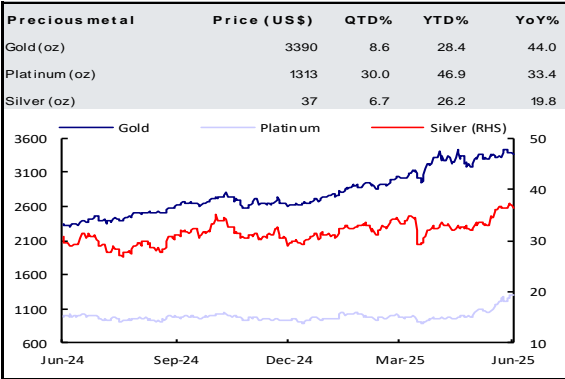


Fig 4: SSSG in different regions



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Existing Home Sales	MoM		23-Jun-25
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Initial Jobless Claims	WoW		26-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Housing Starts / Building Permits	MoM		18-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
Unemployment Rate	MoM		17-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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