

What’s Hot Today:

► **Chow Tai Fook (1929 HK, HK\$14.00, HK\$138bn) 1Q26 improvement on track**

Sequentially improving in SSSG. Chow Tai Fook (CTF) is a leading gold jewelry company in mainland China and HK. It reported improved 1Q26 (April - June 2025) numbers, with YoY declined in overall RSV (retail sales value) narrowing to 1.9% from 11.6% in 4Q25, as mainland China dropped 3.3% YoY, and HK & Macau market was up 7.8% YoY. Mainland China recorded a 3.3% YoY SSS decline in Q1, significant improvement from 13.2% drop last quarter, driven by higher ASP despite an 11% drop in sales volume. SSS of HK & Macau markets returned to a growth of 2.2% YoY, on the back of a largely flat performance in HK and a 9.5% increase in Macau.

Strong fixed-price gold sales. Given the strong performance of its Rouge Collection (傳福系列) and Palace Museum Collection (故宮系列), which were launched last year, CTF further expanded its footprint in the fixed-price gold segment, with the introduction of the Joie Collection (傳喜系列) in April this year. Sales of fixed-price gold products in 1Q26 increased by 21% YoY. Within the gold products category, RSV contribution from such high-GPM products jumped to 19.8% in 1Q26 from 15.8% in 1Q25. We believe the robust momentum of fixed price gold products could help margin resilience.

Aggressive network optimization continued. As of the end of June 2025, CTF operated a total of 6,337 stores globally, with over 97% in mainland China. The company recorded a net closure of 307 stores in 1Q26, following net closures of 142, 259, and 406 stores in 2Q25, 3Q25 and 4Q25 respectively. As per Mgt, their priority remained in enhancing the operation efficiency instead of pursuing store expansion but expecting the pace of store closures to slow down in FY27. Although the store count decreased 5% YoY in 1Q26, overall RSV declined by only 2% during the same period, which suggested an improvement in SSS, reflecting the effectiveness of strategies aimed at optimizing the product mix and closing underperforming stores.

China & HK Indices	CLOSE	1D	YTD
HSI	25,130	0.5%	25.3%
HSCCI	9,075	0.4%	24.5%
HSCCI	4,269	1.0%	12.9%
CSI300	4,118	0.8%	4.7%
Shanghai A	3,755	0.6%	-1.3%
Shanghai B	263	0.7%	-1.3%
Shenzhen A	2,289	0.6%	11.8%
Shenzhen B	1,271	0.7%	4.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,502	0.4%	4.6%
S&P 500	6,309	0.1%	7.3%
Nasdaq	20,892	-0.4%	8.2%
NIKKEI Index	40,499	1.8%	1.5%
FTSE Index	9,023	0.1%	10.4%
CAC Index	7,744	-0.7%	4.9%
DAI Index	24,041	-1.1%	20.8%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,431	1.0%	30.7%
STEEL (US\$/oz.)	2,208	4.7%	23.7%
SILVER (US\$/oz.)	39	0.9%	35.9%
CRUDE OIL (US\$/bbl)	65	-2.8%	-8.4%
COPPER (US\$/oz.)	9,919	1.4%	13.1%
ALUMINIUM (US\$/oz.)	2,658	1.1%	4.2%
PLATINUM (US\$/oz.)	1,444	-0.4%	58.8%
ZINC (US\$/oz.)	2,860	1.5%	-4.0%
WHEAT (US\$/bu)	549	1.3%	-0.3%
CORN (US\$/bu)	418	-1.0%	-5.7%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,025	-0.0%	0.3%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	303	-0.8%	3.0%
BDI			102.2%

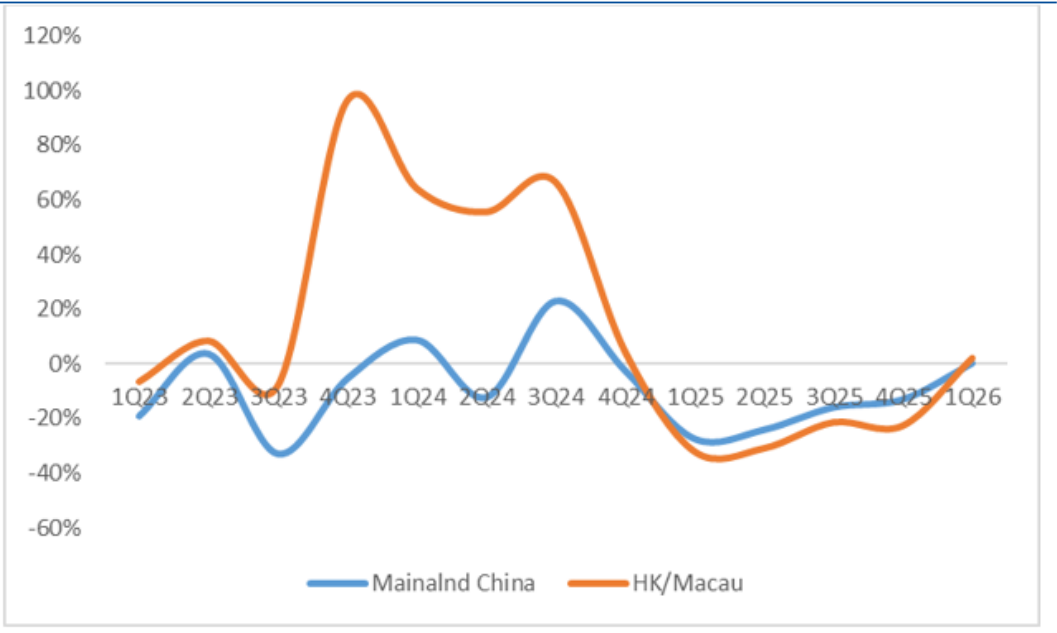
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.851	146.630	0.792	7.169
HKD	0.127		0.108	18.680	10.091	0.913
EUR	1.175	9.227		172.360	1.074	8.422
JPY	0.007	5.353	0.580		0.540	0.049
CHF	1.262	9.909	1.074	185.059		9.046
RMB	0.139	1.095	0.119	20.443	0.111	

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	16	-5.1%

Source: Bloomberg

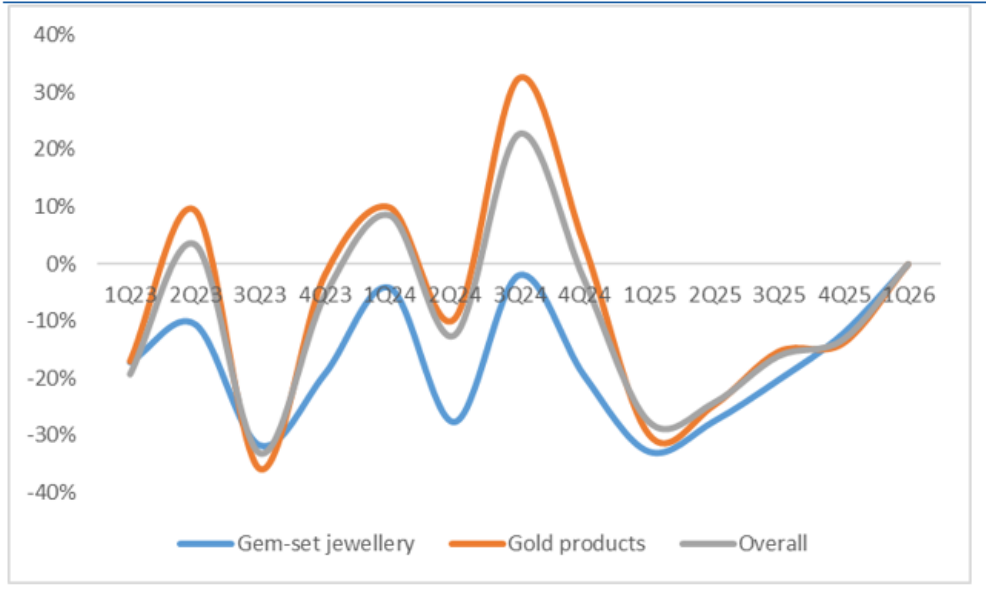
Our view: 1Q26 performance was largely in line with expectations. CTF has demonstrated remarkable success in brand upgrading and its fixed-price gold product strategy, with the newly launched Joie Collection receiving strong market acceptance. However, current high gold prices of US\$3,300 per ounce, up 38% YoY, may weigh on GPM in FY26. Meanwhile, Luk Fook also showed the same trend of intensifying store rationalization, we believe this pattern is mirrored across most other peers, as weak demand persists in the low-end market. The counter is trading at 18x FY26E P/E. (Ensley LIU)

Fig 1: SSSG (by region)



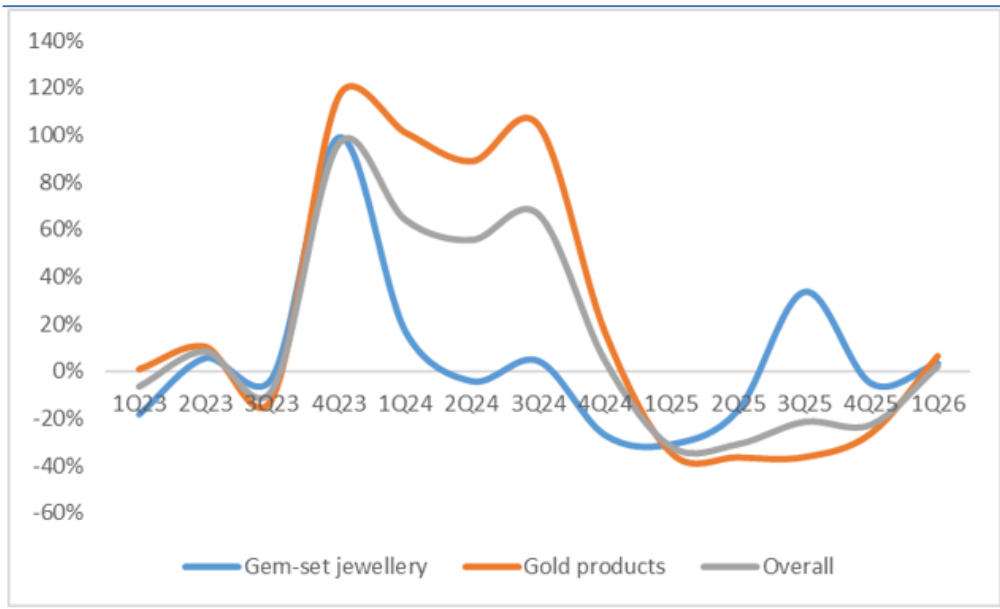
Source: Company Data, Sunwah Kingsway Research

Fig 2: SSSG (by product) - Mainland China



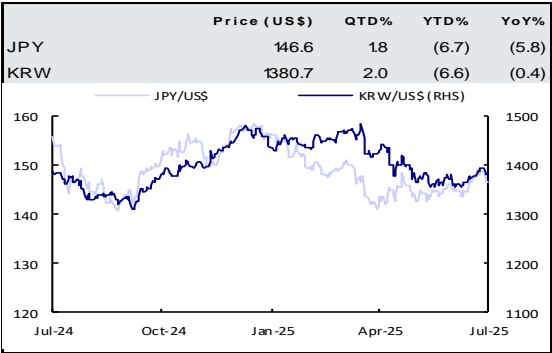
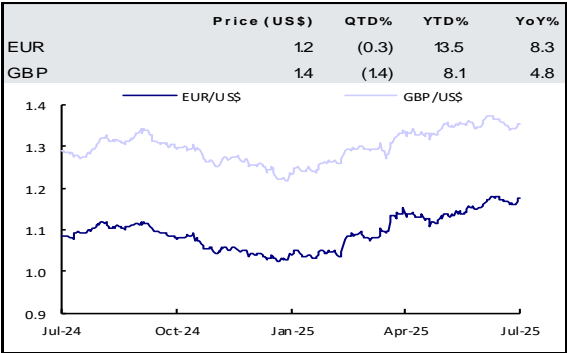
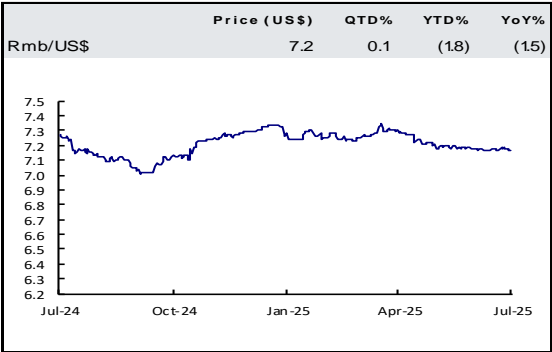
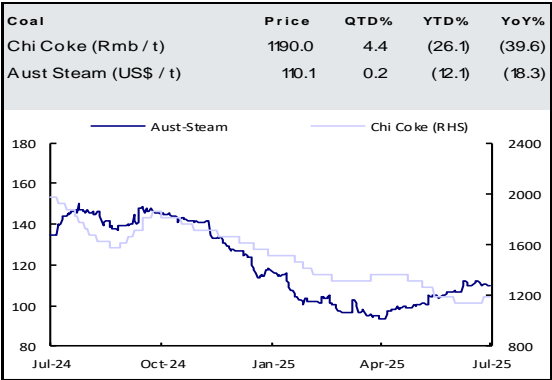
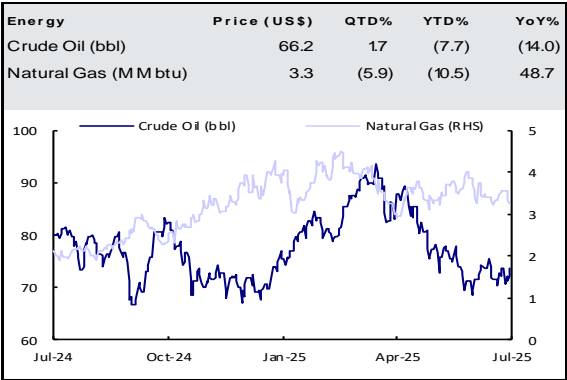
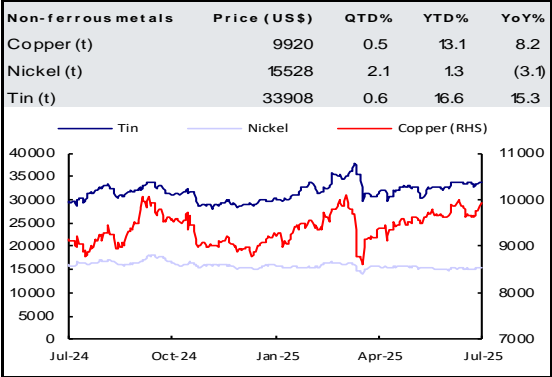
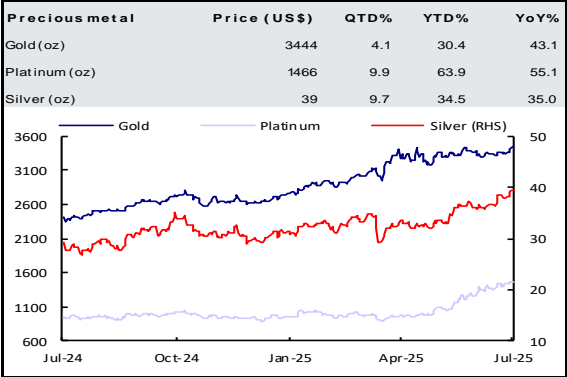
Source: Company Data, Sunwah Kingsway Research

Fig 3: SSSG (by product) – HK and Macau



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-Jul-25
Initial Jobless Claims	WoW		24-Jul-25
New home Sales	MoM		24-Jul-25
Durable Goods Orders	MoM		25-Jul-25
Wholesale Inventories	MoM		29-Jul-25
Consumer Confidence	MoM		29-Jul-25
GDP	QoQ		30-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Employment Report	MoM		1-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
CPI	MoM		12-Aug-25
PPI	MoM		14-Aug-25
Business Inventories	MoM		15-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
Housing Starts / Building Permits	MoM		19-Aug-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Jul-25
Foreign Exchange Reserves	QoQ		7-Aug-25
Trade Balance	MoM		7-Aug-25
Money Supply - M2	MoM		9-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Money Supply - M2	MoM		31-Jul-25
Retail Sales	MoM		31-Jul-25
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
Unemployment Rate	MoM		19-Aug-25
CPI	MoM		21-Aug-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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