

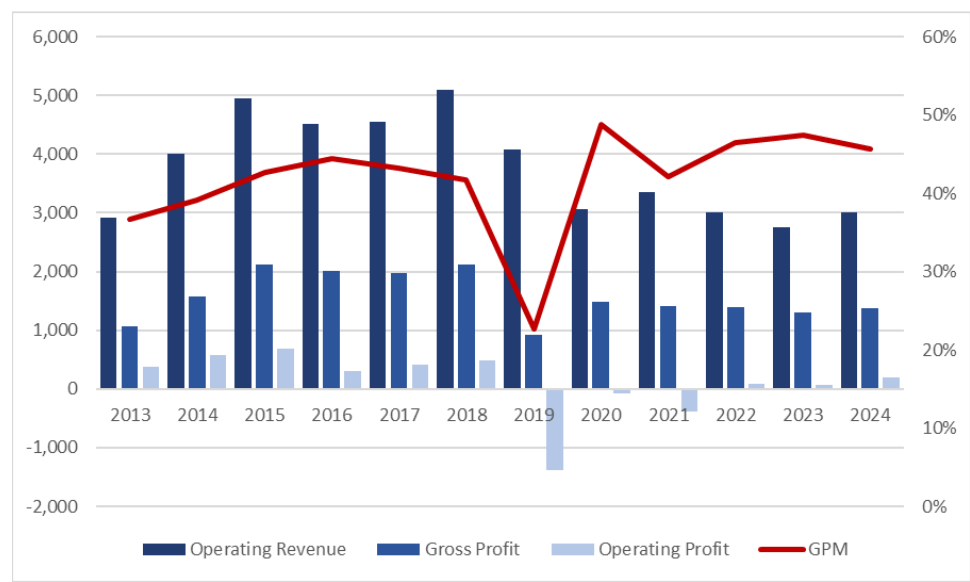
What's Hot Today:

► Cosmo Lady (2298.HK, HK\$0.33, HK\$740mn) – New business strategy brings hope to better profitability

Cosmo Lady, a well-known Chinese women's lingerie brand, is undergoing transformation with a clear path ahead yet facing substantial challenges. The company's past struggles stemmed from an aging brand and unbalanced sales channels. Subsequent to a major asset impairment in 2019, the business was severely affected by the pandemic where its store count has also been halved, from a peak of 8,058 to around 4,500 as at the end of June 2025.

During a recent analyst call, the management has revealed some initial success with a new strategy that focused on cost control and channel transformation. For its online business, the company has shifted to a consignment model since 2024, partnering with over 30 operators to expand on platforms like Tmall, Douyin Live and instant retail. As such, GMV was up 240% YoY to RMB1.52 bn in 1H25. The change also resulted in a new revenue structure. As the company only recognizes service fee income, which led to a decline in e-commerce revenue despite the GMV surge and contributed to a 5.2% YoY dip in 1H25 revenue. This is a strategic trade-off, sacrificing top-line growth for better inventory risk management and cash flow. For the physical channel, the company is now optimizing its existing store network and focusing on lower-tier cities, announcing a plan to open 1,100 new stores in 2024.

Fig 1: Total operating revenue and profit (RMB/mn)



Source: company data, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	27,387	-2.1%	6.9%
HSCEI	9,317	-2.5%	4.5%
HSCCI	4,368	-2.3%	8.8%
CSI300	4,706	-1.0%	1.7%
Shanghai A	4,318	-1.0%	4.2%
Shanghai B	264	-0.6%	4.2%
Shenzhen A	2,808	-0.8%	6.0%
Shenzhen B	1,245	-1.6%	-1.5%

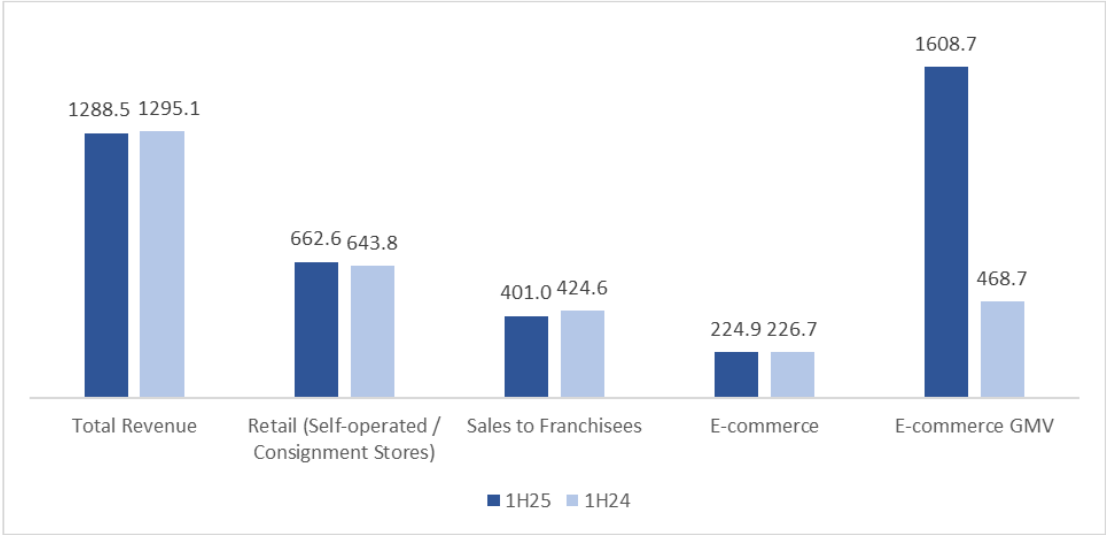
Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	48,892	-0.4%	1.7%
S&P 500	6,939	-0.4%	1.4%
Nasdaq	23,461	-0.9%	0.9%
NIKKEI Index	53,882	1.0%	7.0%
FTSE Index	10,223	0.5%	2.9%
CAC Index	8,126	0.7%	-0.3%
DAX Index	24,538	0.9%	0.2%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,894	-8.9%	11.5%
STEEL (US\$/oz.)	2,851	-2.1%	12.1%
SILVER (US\$/oz.)	85	-26.4%	20.7%
CRUDE OIL (US\$/bbl)	65	-0.3%	10.8%
COPPER (US\$/oz.)	13,157	0.5%	5.9%
ALUMINIUM (US\$/oz.)	3,144	-3.5%	5.0%
PLATINUM (US\$/oz.)	2,195	-16.9%	4.8%
ZINC (US\$/oz.)	3,402	1.1%	9.1%
WHEAT (US\$/bu)	538	0.4%	6.1%
CORN (US\$/bu)	428	-0.4%	-2.7%
SUGAR (US\$/lb)	78	8.2%	
SOYBEAN (US\$/bu)	1,064	-1.0%	1.6%
PVC (US\$/t.)	4,999	2.1%	2.5%
CRB	320	0.4%	3.0%
BDI			14.4%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.814	0.844	154.780	0.773	6.957
HKD	0.128		0.108	19.811	9.894	0.891
EUR	1.185	9.259		183.430	1.092	8.243
JPY	0.006	5.048	0.545		0.499	0.045
CHF	1.294	10.107	1.092	200.212		9.012
RMB	0.144	1.123	0.121	22.196	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	17	8.4%
Source: Bloomberg		

Fig 2: Revenue breakdown by channel (RMB/mn)

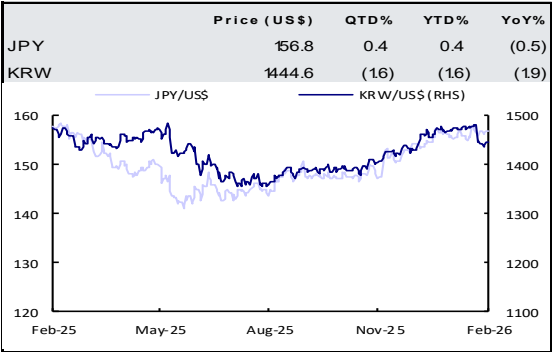
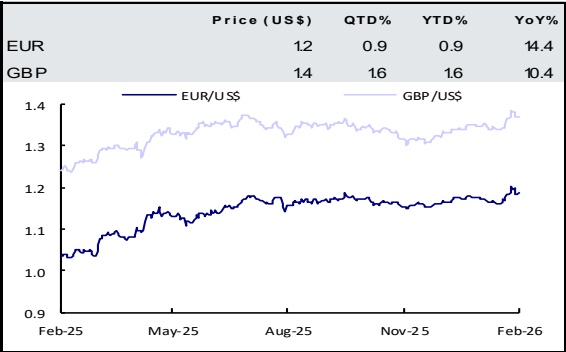
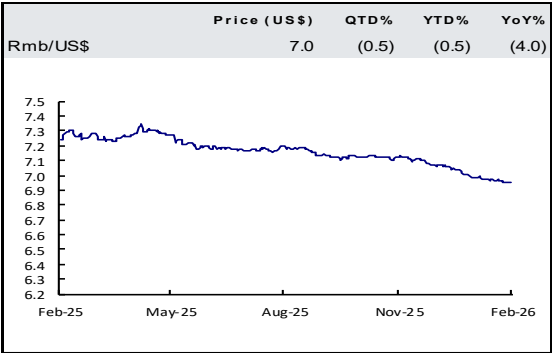
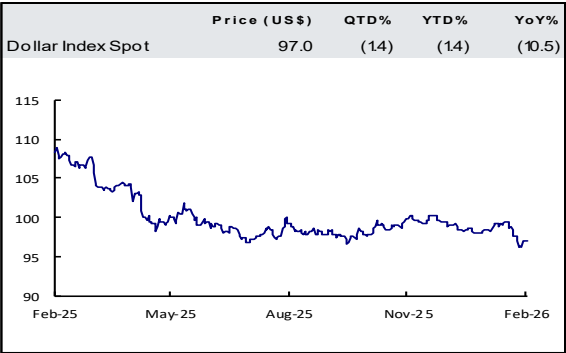
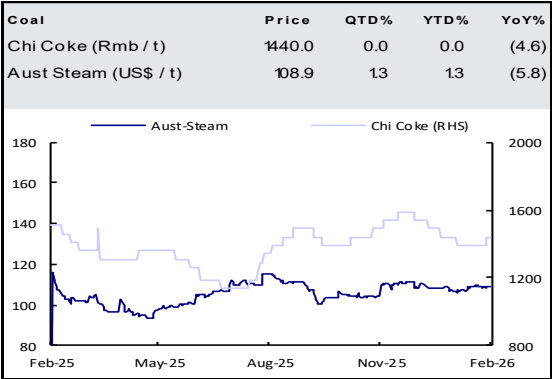
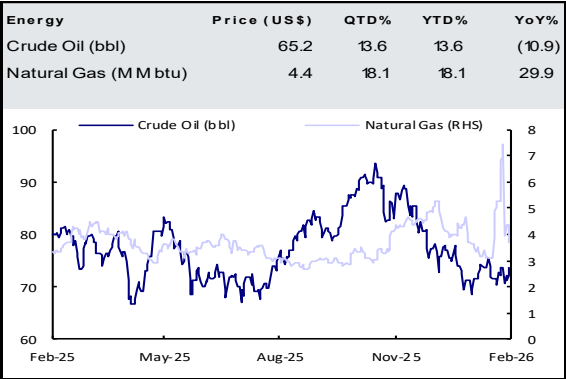
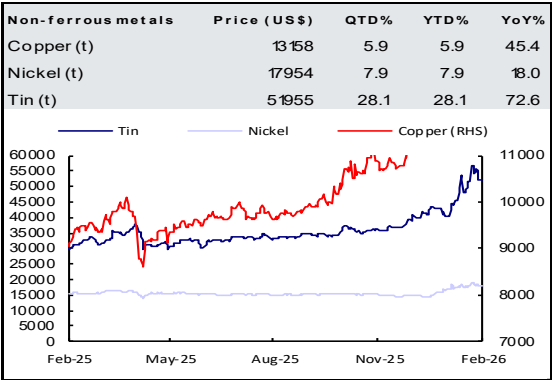
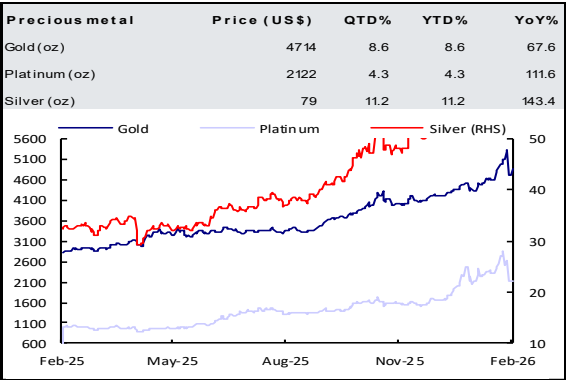


Source: company data, Sunwah Kingsway Research

Financially, cost-control has been effective. Selling and administrative expenses have been reduced for five consecutive years since 2019, and 2024 operating costs were 26% lower than in 2019. However, this has yet to achieve a turnaround in profitability. The main constraint is the shrinking revenue, which limits overall profit potential, and a bottleneck in GPM improvement. Between 2020 and 2024, GPM remained in a narrow range of 43%-46% (45.7% in 2024). The current challenge for Cosmo Lady is the lack of pricing power and brand premium to command a higher GPM.

Our view: In conclusion, Cosmo Lady's current transformation moves, especially the e-commerce partnership model, are effective for controlling inventory risk and gaining market share in lower-tier cities. However, they also create a new challenge by capping revenue growth and profit margins. The near-term catalyst would be whether the company can leverage the improved cash flow and market share from this model to achieve sustainable profit growth. Given the strong 1H25 performance, it is expected to have further sequential improvement in 2H25. The counter is currently trading at 6x FY26E estimated P/E.

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
ISM Manufacturing PMI	MoM		2-Feb-26
Initial Jobless Claims	WoW		5-Feb-26
Employment Report	MoM		6-Feb-26
Retail Sales	MoM		10-Feb-26
Business Inventories	MoM		10-Feb-26
Existing Home Sales	MoM		12-Feb-26
Durable Goods Orders	MoM		18-Feb-26
Housing Starts / Building Permits	MoM		18-Feb-26
Industrial Production	MoM		18-Feb-26
Trade Balance	MoM		19-Feb-26
Wholesale Inventories	MoM		19-Feb-26
Personal Income & Spending	MoM		20-Feb-26
New home Sales	MoM		20-Feb-26
Factory Orders	MoM		23-Feb-26
PPI	MoM		27-Feb-26
CPI	MoM		11-Feb-26
GDP	QoQ		20-Feb-26
Consumer Confidence	MoM		24-Feb-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Feb-26
Money Supply - M2	MoM		9-Feb-26
PPI	MoM		11-Feb-26
CPI	MoM		11-Feb-26
PMI Manufacturing	MoM		4-Mar-26
Trade Balance	MoM		14-Apr-26
Retail Sales	MoM		16-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	YoY		16-Apr-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		3-Feb-26
PMI	MoM		4-Feb-26
Foreign Currency Reserve	MoM		6-Feb-26
Unemployment Rate	MoM		20-Feb-26
CPI	MoM		25-Feb-26
Trade Balance	MoM		27-Feb-26
Money Supply - M2	MoM		27-Feb-26
GDP	QoQ		28-Feb-26
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Composite Interest Rate	MoM		

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