

What's Hot Today:

► Man Wah (1999 HK, HK\$3.80, HK\$14.7bn) – FY3/26 revenue resilient amid headwinds, while margins stay compressed

Man Wah is a home furnishing retailer, its core products recliner sofas contribute ~70% of total revenue. Despite soft domestic demand and overseas trade conflicts, the company delivered resilient FY3/26 revenue of HKD16.8bn, representing a modest decline of 2.9% YoY. However, GPM eroded by higher expenses which came in at 39.4% (-110 bps YoY), while net profit stood at HKD1.81bn (-12.1% YoY).

Online sales offset offline softness in the China market – By strengthening content marketing and increasing online marketing investment, the company sustained online sales growth with revenue rising 13% YoY to HKD2.48bn. In contrast, offline revenue declined 16.2% YoY to HKD5.7bn. As a result, total revenue from the China market fell 6.8% YoY, and accounts for 56.3% of group revenue (down from 58.7% in the prior period). The company is also optimizing its offline store network, cutting a net of 1,010, to 6,357. Looking ahead, as offline consumer traffic weakens and the company continues to invest in online channels, the latter is expected to sustain momentum and become the main revenue driver.

Overseas business remained robust – Overseas revenue represents approximately 44% of the group total (North America ~27%, Europe and others ~9%), effectively offsetting domestic softness. North America revenue rose 2.6% YoY, thanks to the acquisition of US-based Gainline Group in late 2025. The transaction added established brands such as Southern Motion and Fusion Furniture and a local manufacturing capacity to Man Wah. In Europe and other overseas markets, sofa sales volume and revenue increased by 7.4% and 2.5% YoY, respectively. The company continues to leverage its Vietnam and Mexico plants to mitigate trade risks, and it is expected that overseas volume growth will remain resilient in FY3/27.

Near-term margin pressure – FY3/26 GPM stood at 39.4% (-110 bps YoY) and NPM amounted to 11.0% (-120 bps YoY), primarily due to higher marketing expenses and a 34.5-fold increase in customs duties. Advertising, promotion, and brand-building expenses (mainly related to the online business) increased by approximately 27.7% YoY in FY3/26, representing 20.4% of revenue (up from 18.2% in the prior period), and these expenses are expected to continue rising. Consequently, margins are likely to remain under pressure in the first half of FY3/27, driven by higher online marketing expenses and increased raw material (leather) costs. Encouragingly, however, US tariffs have eased, providing some relief.

China & HK Indices	CLOSE	1D	YTD
HSI	25,675	-1.1%	0.2%
HSCEI	8,597	-1.1%	-3.5%
HSCCI	4,484	-1.1%	11.7%
CSI300	4,833	-0.5%	4.4%
Shanghai A	4,332	-0.1%	11.1%
Shanghai B	281	-2.6%	11.1%
Shenzhen A	2,995	0.0%	13.1%
Shenzhen B	1,129	-1.1%	-10.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,686	0.3%	3.4%
S&P500	7,403	-0.1%	8.1%
Nasdaq	26,090	-0.5%	12.3%
NIKKEI Index	61,364	0.9%	21.9%
FTSE Index	10,323	1.3%	4.0%
CAC Index	7,987	0.4%	-2.0%
DAX Index	24,307	1.5%	-0.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,566	0.6%	5.8%
STEEL (US\$/oz.)	3,118	-3.8%	22.6%
SILVER (US\$/oz.)	77	2.3%	8.9%
CRUDE OIL (US\$/bbl)	108	3.1%	86.8%
COPPER (US\$/oz.)	13,587	-2.5%	9.4%
ALUMINIUM (US\$/oz.)	3,569	-2.4%	19.1%
PLATINUM (US\$/oz.)	1,984	0.1%	-3.7%
ZINC (US\$/oz.)	3,524	-1.7%	13.0%
WHEAT (US\$/bu)	664	4.5%	31.4%
CORN (US\$/bu)	477	4.7%	4.8%
SUGAR (US\$/lb)	123	6.2%	
SOYBEAN (US\$/bu)	1,213	3.1%	12.8%
PVC (US\$/t)	5,071	-0.1%	58.3%
CRB	405	1.4%	3.0%
BDI		-1.4%	67.9%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.830	0.858	158.820	0.784	6.800
HKD	0.128		0.110	20.283	10.017	0.868
EUR	1.166	9.127		185.110	1.094	7.910
JPY	0.006	4.930	0.540		0.494	0.043
CHF	1.275	9.982	1.094	202.427		8.665
RMB	0.147	1.152	0.126	23.392	0.115	

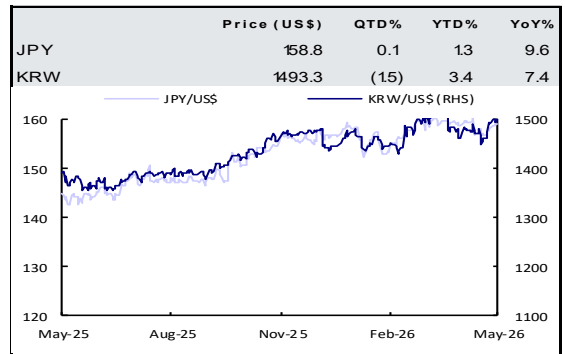
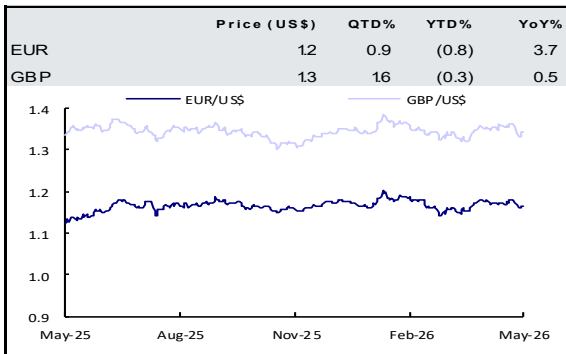
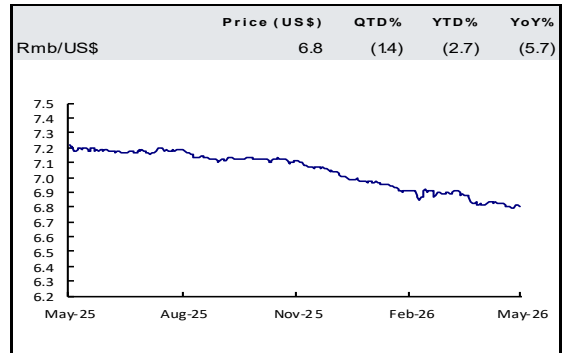
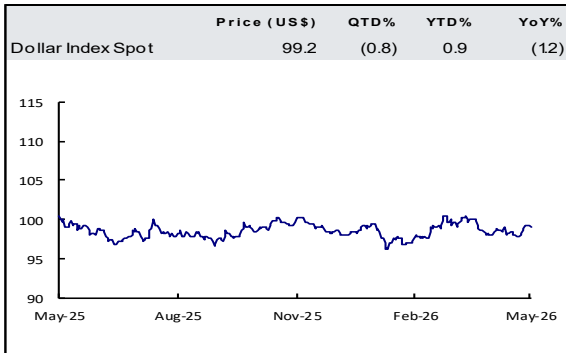
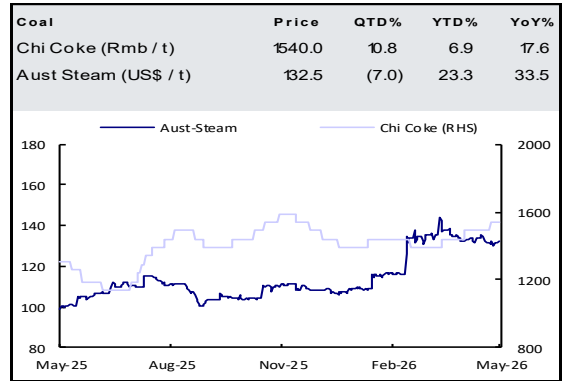
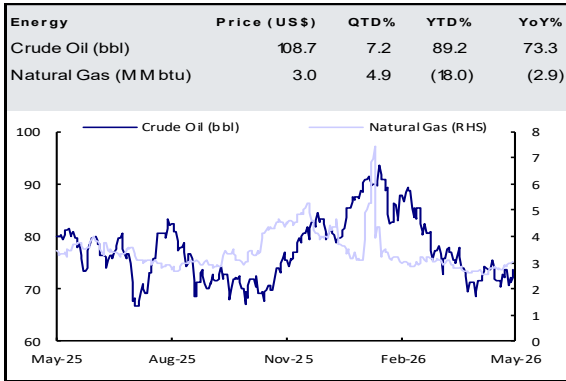
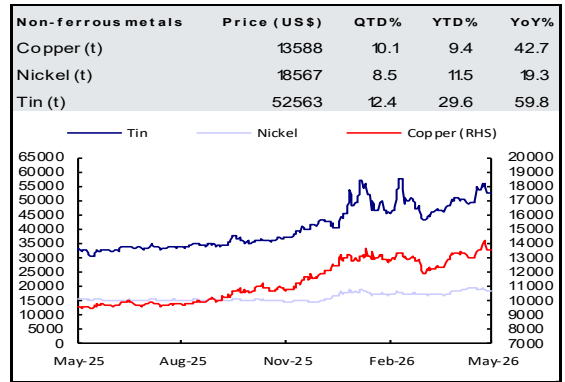
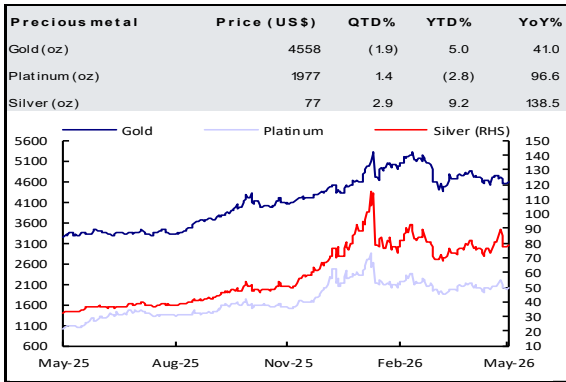
Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	17	-3.0%

Source: Bloomberg

Our view:

The company's top-line performance demonstrates resilience, with online sales driving total revenue and overseas business remaining robust. Looking forward, we expect the impact of US tariffs to ease further, but raw material cost pressure is likely to increase. Combined with heavier online marketing investment, profitability is expected to remain under pressure in the near term. The counter is trading at 7.3x FY27 PE. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		21-May-26
Housing Starts / Building Permits	MoM		21-May-26
Consumer Confidence	MoM		26-May-26
GDP	QoQ		28-May-26
New home Sales	MoM		28-May-26
Wholesale Inventories	MoM		29-May-26
Factory Orders	MoM		3-Jun-26
Existing Home Sales	MoM		9-Jun-26
CPI	MoM		10-Jun-26
PPI	MoM		11-Jun-26
Industrial Production	MoM		15-Jun-26
Business Inventories	MoM		17-Jun-26
ISM Manufacturing PMI	MoM		1-Jun-26
Personal Income & Spending	MoM		28-May-26
Durable Goods Orders	MoM		28-May-26
Trade Balance	MoM		9-Jun-26
Employment Report	MoM		5-Jun-26
Retail Sales	MoM		17-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-May-26
Foreign Exchange Reserves	QoQ		7-Jun-26
Money Supply - M2	MoM		9-Jun-26
Trade Balance	MoM		9-Jun-26
PPI	MoM		10-Jun-26
CPI	MoM		10-Jun-26
Retail Sales	MoM		16-Jun-26
Industrial Production	MoM		16-Jun-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		19-May-26
CPI	MoM		21-May-26
Trade Balance	MoM		28-May-26
Money Supply - M2	MoM		29-May-26
Retail Sales	MoM		2-Jun-26
PMI	MoM		3-Jun-26
Foreign Currency Reserve	MoM		5-Jun-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

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