

## What's Hot Today:

### ► **Topsports (6110.HK, HK\$2.96, HK\$18.4bn) – Stabilizing earnings**

**Earnings pressure seem to be easing** – The company reported its FY2/26 results, largely in-line with expectations with revenue reaching RMB25.7bn, down 4.7% YoY while NP dropped by 1.5% YoY to RMB1.27bn. A final dividend and special dividend of RMB0.03 and RMB0.12 were declared respectively. Adding the interim dividend of RMB0.13, total payout ratio edged up to 137% from 135% last year, translating into a dividend yield of ~12%. At the end of Feb 2026, Topsports had a net cash balance of RMB1.17bn, representing about 7% of its market capitalization.

**Resilient performance by principal brands** – Revenue from principal brands (Nike and Adidas) declined 4.2% YoY and accounted for 86.7% of total revenue. Meanwhile, revenue from other brands fell 7.4% YoY and resulted in a 4.7% YoY revenue decline. Profitability has been resilient, GPM contracted only modestly by 40bps to 38%, primarily due to higher online discount rates. Cost control in marketing and distribution expenses helped offset margin pressure, particularly when the share of online sales increased, marketing and distribution expenses ratio declined by 87 bps to 28.5%. Consequently, operating profit was lower by 4.5% YoY, while net profit fell by only 1.5% YoY, with a slight NPM expansion of 10bps to 4.9%.

**Online sales mitigate offline store softness** – The company continued to close underperforming stores. During the period, a net of 660 stores were closed, representing 13.1% of the total POS. There was a total of 4,360 POS at the end of Feb 2026, down 48% from 8,395 POS in FY20. Despite the smaller physical network, revenue from retail operations declined by only 2.7% YoY, implying a strong growth in online sales of approximately 12% YoY, which is consistent with management's indication of double-digit online growth. After six consecutive years of store optimization, the streamlining process is expected to slow down in the coming fiscal years.

**Nike's operational adjustment is expected to drive margin recovery** – Nike China is still in the midst of an operational adjustment. Under the "Win Now" turnaround plan, Nike is actively reducing product supplies, lowering discount levels, clearing legacy inventory, and rebuilding wholesale relationships with key partners including Topsports. The Mgt expects these adjustments to set the stage for retail discount normalization and brand strength recovery from H2 of FY2/27 into early FY2/28.

China & HK Indices	CLOSE	1D	YTD
HSI	25,398	0.9%	-0.9%
HSCEI	8,507	1.0%	-4.6%
HSCCI	4,427	1.0%	10.3%
CSI300	4,844	-1.0%	4.6%
Shanghai A	4,255	-0.3%	9.2%
Shanghai B	277	0.5%	9.2%
Shenzhen A	2,913	-0.8%	10.0%
Shenzhen B	1,119	0.6%	-11.5%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	51,078	0.1%	6.3%
S&P500	7,599	0.3%	11.0%
Nasdaq	27,086	0.4%	16.5%
NIKKEI Index	66,367	-0.8%	31.8%
FTSE Index	10,338	-0.7%	4.1%
CAC Index	8,146	-0.4%	-0.0%
DA-X Index	25,003	-0.4%	2.1%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,484	-1.2%	3.8%
STEEL (US\$/oz.)	3,400	0.5%	33.7%
SILVER (US\$/oz.)	74	-0.6%	4.6%
CRUDE OIL (US\$/bbl)	92	5.5%	60.5%
COPPER (US\$/oz.)	13,832	1.0%	11.3%
ALUMINIUM (US\$/oz.)	3,716	1.5%	24.1%
PLATINUM (US\$/oz.)	1,929	0.5%	-6.2%
ZINC (US\$/oz.)	3,578	0.8%	14.8%
WHEAT (US\$/bu)	608	-0.3%	19.2%
CORN (US\$/bu)	444	-0.6%	-2.9%
SUGAR (US\$/lb)	119	3.0%	
SOYBEAN (US\$/bu)	1,180	-0.5%	9.5%
PVC (US\$/t)	4,981	1.1%	58.3%
CRB	385	0.3%	3.0%
BDI		-0.1%	71.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.838	0.860	159.660	0.787	6.767
HKD	0.128		0.110	20.372	10.037	0.863
EUR	1.163	9.116		185.700	1.093	7.871
JPY	0.006	4.909	0.538		0.493	0.042
CHF	1.271	9.964	1.093	202.955		8.604
RMB	0.148	1.158	0.127	23.608	0.116	

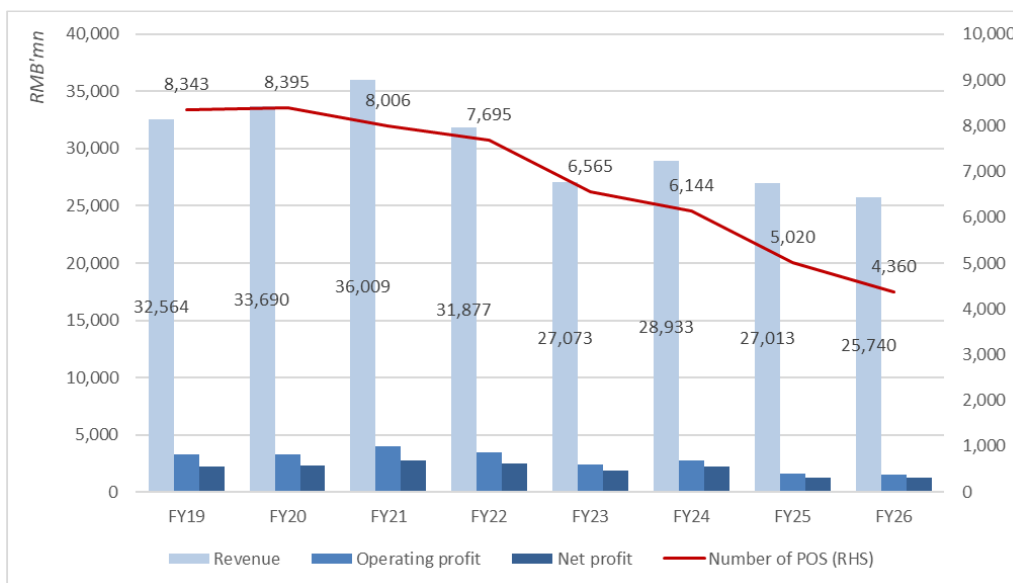
Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	-3.9%

Source: Bloomberg

**Our view:** Given the competitive landscape of China's sports apparel market, the management provided a conservative guidance for FY2/27, projecting flat net profit YoY with an improvement in net margin, implying a modest decline in total revenue. We expect revenue pressure to come primarily from continued store closures, although the number of store closures will likely be lower in the future.

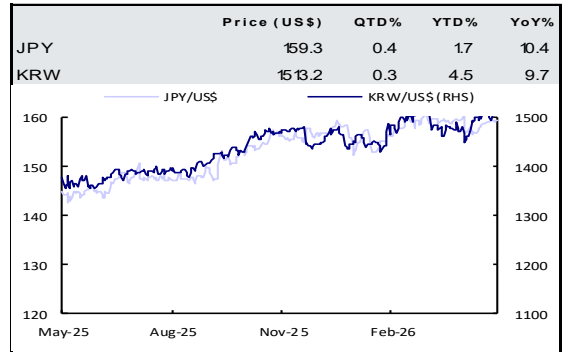
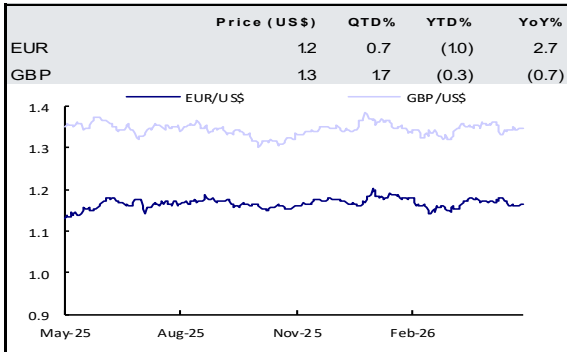
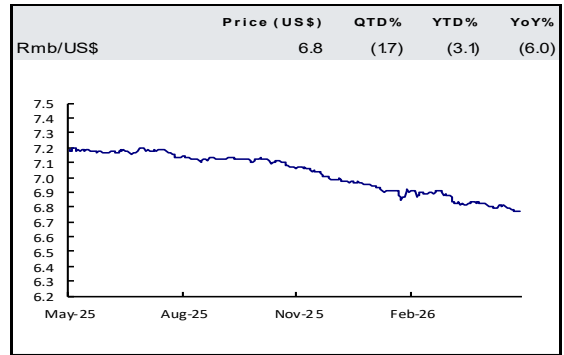
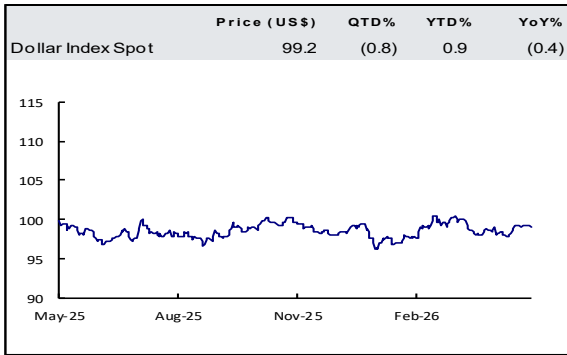
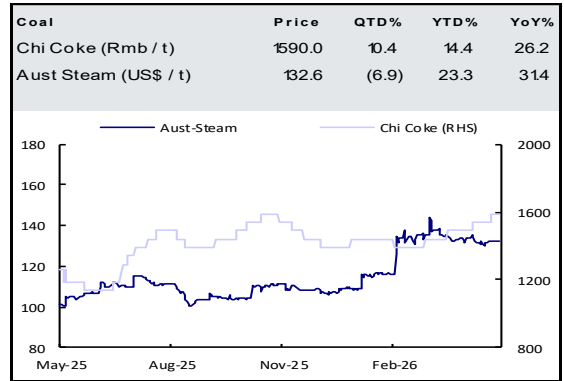
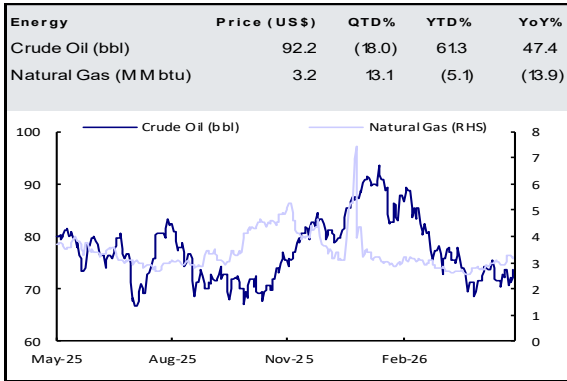
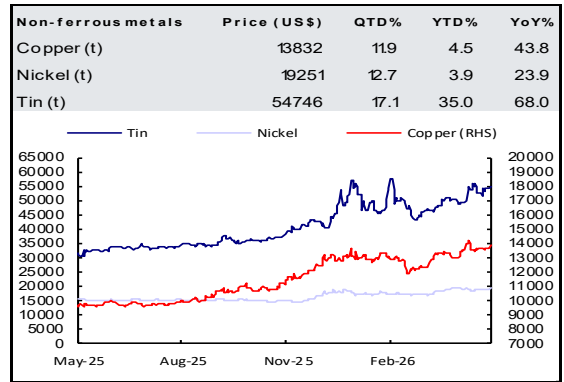
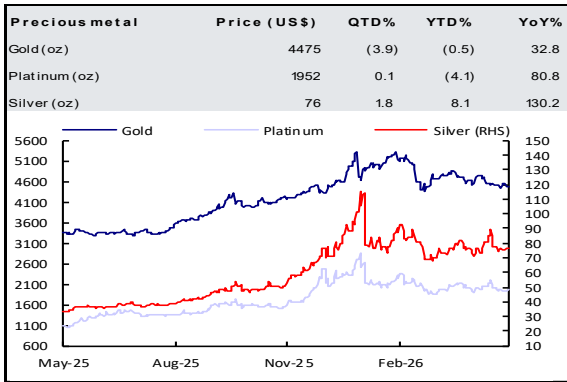
As for the anticipated improvement in net margin, Nike is expected to be an important catalyst. Nike China's proactive strategic adjustments will help improve Nike's retail discount levels over the medium to long term. In addition, the company is strengthening its operations of non-principal brands. For instance, the outdoor brand Norrona and footwear brands norda and ektos are actively exploring growth opportunities. The stock is currently trading at 12x FY2/27E P/E. (Research Department)

Fig1: Revenue and number of POS



Source: Company Data, Sunwah Kingsway Research

**Market Watch – Major Commodities and Currencies**



Source: Bloomberg

**US Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
ISM Manufacturing PMI	MoM		1-Jun-26
Durable Goods Orders	MoM		3-Jun-26
Employment Report	MoM		5-Jun-26
Trade Balance	MoM		9-Jun-26
CPI	MoM		10-Jun-26
PPI	MoM		11-Jun-26
Housing Starts / Building Permits	MoM		16-Jun-26
Business Inventories	MoM		17-Jun-26
Retail Sales	MoM		17-Jun-26
New home Sales	MoM		24-Jun-26
GDP	QoQ		25-Jun-26
Personal Income & Spending	MoM		25-Jun-26
Consumer Confidence	MoM		30-Jun-26
Initial Jobless Claims	WoW		4-Jun-26
Wholesale Inventories	MoM		9-Jun-26
Factory Orders	MoM		3-Jun-26
Existing Home Sales	MoM		9-Jun-26
Industrial Production	MoM		15-Jun-26
Auto Sales	MoM		

**China Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
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
PMI Manufacturing	MoM		30-Jun-26
GDP	YoY		15-Jul-26

**Hong Kong Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
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
Unemployment Rate	MoM		16-Jun-26
CPI	MoM		23-Jun-26
Trade Balance	MoM		25-Jun-26
Money Supply - M2	MoM		30-Jun-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

**Kingsway Research Team**

**Analyst**

**Howard Wong**

**Alan Li**

**Amelia Deng**

**Email**

[howard.wong@sunwahkingsway.com](mailto:howard.wong@sunwahkingsway.com)

[alan.li@sunwahkingsway.com](mailto:alan.li@sunwahkingsway.com)

[amelia.deng@sunwahkingsway.com](mailto:amelia.deng@sunwahkingsway.com)

**Phone No.**

(852) 2283 7307

(852) 2283 7306

(852) 2283 7618



**Disclaimer**

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Copyright 2026 Kingsway Group. All rights reserved.

**Head Office**

Hong Kong  
Kingsway Financial Services Group Limited  
7/F, Tower One, Lippo Centre,  
89 Queensway, Hong Kong  
Tel: 852-2283-7000  
Fax: 852-2877-2665

**Affiliated & Overseas Offices**

Guangdong  
廣東新華滙富商業保理有限公司  
601-5, Building 3  
130 Jiaoxi Road, Nansha District,  
Guangzhou, 511455, PRC