

What's Hot Today:

► Shenzhou Int'l (2313 HK, HK\$43.14, HK\$64.8bn): A definite winner of the FIFA World Cup

Shenzhou International (SZI) is a leading global player in apparel manufacturing. It has established long-term partnerships with renowned sports brands including the "Big Three" in football namely Nike, Adidas and Puma. In FY25, the three brands combined to account for over 53% of SZI's revenue at about 23%, 20% and 10% of SZI's total, respectively.

According to recent online images, 37 of the 48 teams participating in the world's largest football tournament will be wearing products from the "Big Three" brands, including the tournament favorites.

Brands	Teams
Adidas (14 teams)	UEFA: Belgium, Germany, Scotland, Spain, Sweden CONMEBOL: Argentina, Colombia CONCACAF: Curaçao, Mexico CAF: Algeria, South Africa AFC: Japan, Qatar, Saudi Arabia
Nike (12 teams)	UEFA: Croatia, England, France, Netherlands, Norway, Turkey CONMEBOL: Brazil, Uruguay CONCACAF: Canada, United States AFC: South Korea OFC: Australia
Puma (11 teams)	UEFA: Austria, Czech Republic, Portugal, Switzerland CAF: Egypt, Ghana, Ivory Coast, Morocco, Senegal CONMEBOL: Paraguay OFC: New Zealand
Kelme (2 teams)	Bosnia and Herzegovina, Jordan
Jako	Iraq
Marathon	Ecuador
Capelli Sport	Cape Verde
Kappa	Tunisia
Majid	Iran
Reebok	Panama
7Saber	Uzbekistan
Umbro	DR Congo
Saeta	Haiti

In FY25, SZI's revenue from sportswear amounted to almost RMB21bn (+6% YoY) accounting for about 67.7% of its total revenue. Within this segment, its football apparel has gained significant market recognition with revenue rising 28% YoY. This outperformance is believed to be partly driven by the demand from the upcoming FIFA World Cup 2026. Therefore, we believe SZI is a definite winner in the apparel part of the game regardless of which country will lift the World Cup at the end.

China & HK Indices	CLOSE	1D	YTD
HSI	24,657	-1.2%	-3.8%
HSCEI	8,341	-1.1%	-6.4%
HSCCI	4,335	-0.4%	8.0%
CSI300	4,713	-2.1%	1.8%
Shanghai A	4,152	-1.7%	8.0%
Shanghai B	274	-0.1%	8.0%
Shenzhen A	2,801	-3.1%	5.8%
Shenzhen B	1,121	-0.9%	-11.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	50,786	-0.2%	5.7%
S&P 500	7,405	0.3%	8.2%
Nasdaq	25,929	0.9%	11.6%
NIKKEI Index	64,399	0.6%	27.9%
FTSE Index	10,373	0.0%	4.4%
CAC Index	8,199	-0.2%	0.6%
DAX Index	24,616	-0.6%	0.5%

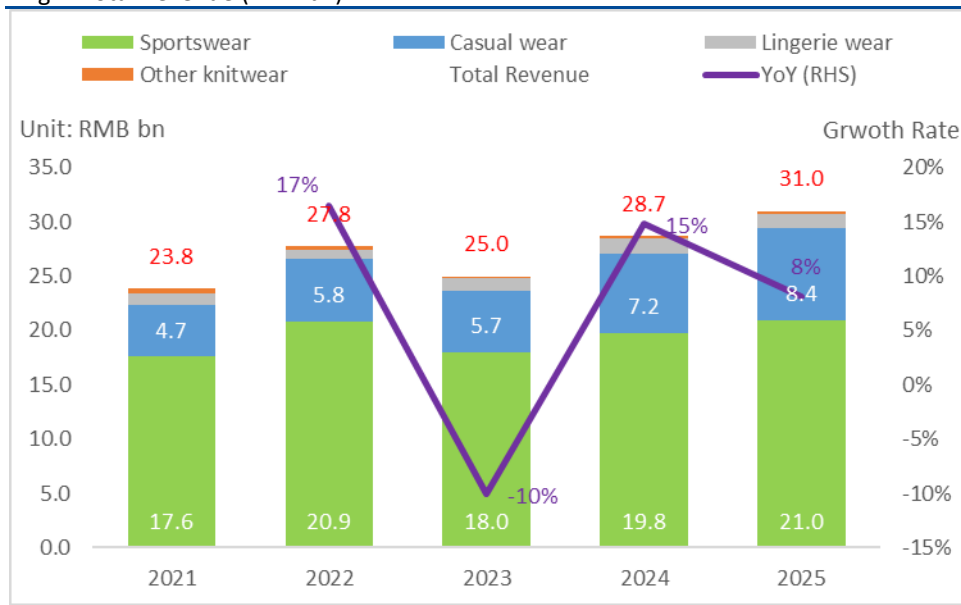
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,330	0.0%	-0.0%
STEEL (US\$/oz.)	3,291	-4.2%	29.4%
SILVER (US\$/oz.)	68	0.5%	-5.7%
CRUDE OIL (US\$/bbl)	91	0.8%	58.4%
COPPER (US\$/oz.)	13,615	-2.3%	9.6%
ALUMINIUM (US\$/oz.)	3,604	-1.7%	20.3%
PLATINUM (US\$/oz.)	1,759	-1.2%	-15.2%
ZINC (US\$/oz.)	3,537	-1.4%	13.5%
WHEAT (US\$/bu)	583	0.6%	14.9%
CORN (US\$/bu)	446	0.0%	-3.0%
SUGAR (US\$/lb)	123	2.6%	
SOYBEAN (US\$/bu)	1,115	-0.5%	3.8%
PVC (US\$/t)	4,753	-0.6%	49.2%
CRB	377	-1.7%	3.0%
BDI		-1.8%	58.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.837	0.867	160.160	0.798	6.783
HKD	0.128		0.111	20.438	10.181	0.866
EUR	1.153	9.039		184.740	1.087	7.821
JPY	0.006	4.893	0.541		0.498	0.042
CHF	1.254	9.824	1.087	200.782		8.503
RMB	0.147	1.155	0.128	23.626	0.118	

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	18	17.9%

Source: Bloomberg

Fig 1: Total Revenue (RMB bn)



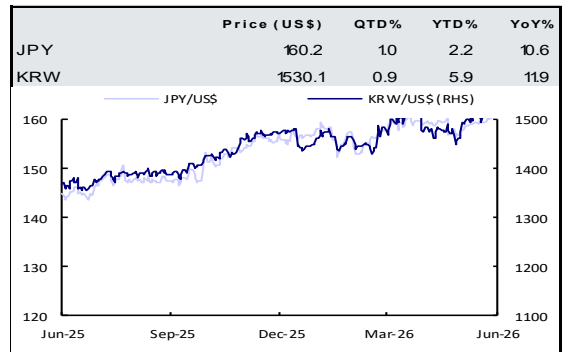
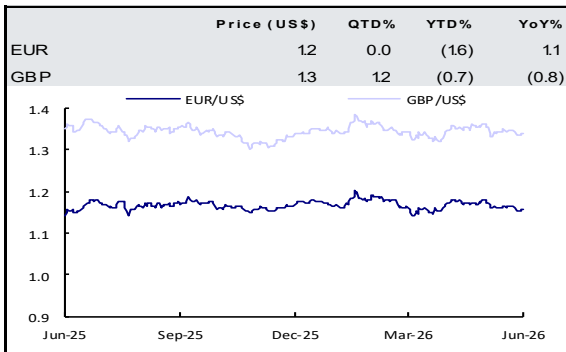
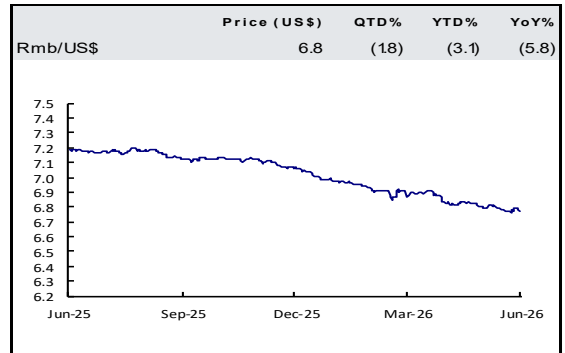
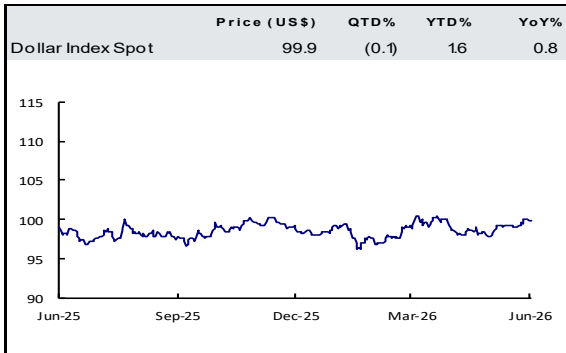
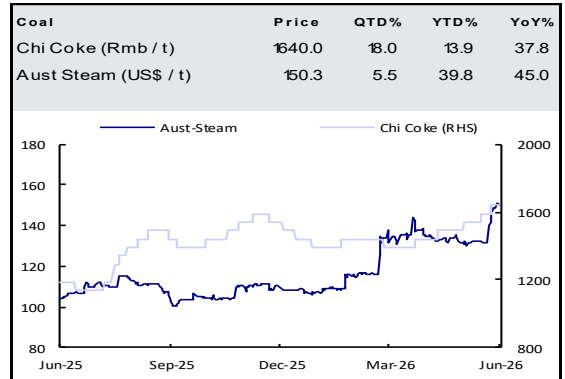
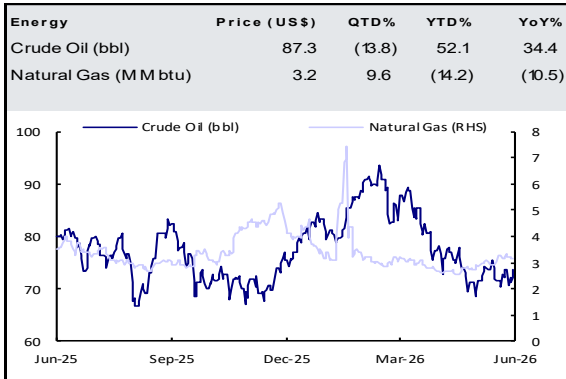
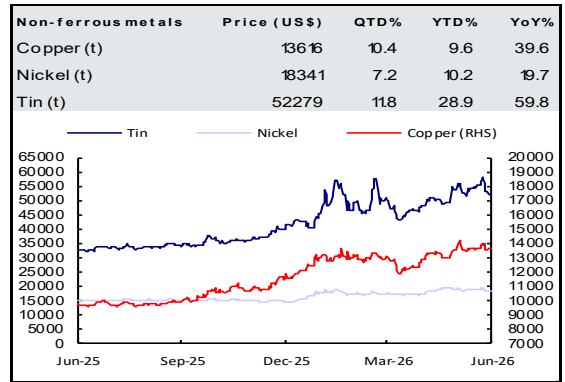
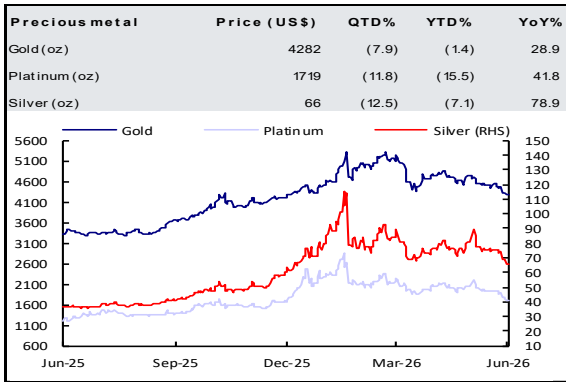
Source: Company Data, Sunwah Kingsway Research

Our views: SZI is a prudently managed company. Despite the profit pressure in FY25, there was improvement in cash flow. The sector is experiencing a "volume up, price down" dynamic, with average export prices for knitted and woven garments declining by roughly 8% and 9%, respectively. However, the Mgt indicated that the company's ASP remained relatively stable, with earnings pressure stemming primarily from FX movements and the sharing of US tariff costs.

We believe Shenzhou's core strength in the industry embodied in its solid relationship with customers, global production footprint (in Cambodia and Vietnam) as well as its keen commitment to ESG and green energy initiatives. Over the past decade, both revenue and net profit have grown at a CAGR of around 8%.

With key valuation metrics at relatively low levels compared to historical ranges and a dividend yield of around 6%, the upcoming FIFA World Cup could be a catalyst to spur sportswear demand. The company is trading at 9x FY26 P/E and 1.4 FY26 P/B. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Wholesale Inventories	MoM		9-Jun-26
Existing Home Sales	MoM		9-Jun-26
Trade Balance	MoM		9-Jun-26
CPI	MoM		10-Jun-26
Initial Jobless Claims	WoW		11-Jun-26
PPI	MoM		11-Jun-26
Industrial Production	MoM		15-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
Durable Goods Orders	MoM		25-Jun-26
Consumer Confidence	MoM		30-Jun-26
ISM Manufacturing PMI	MoM		1-Jul-26
Factory Orders	MoM		2-Jul-26
Employment Report	MoM		2-Jul-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Foreign Exchange Reserves	QoQ		7-Jul-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Retail Sales	MoM		2-Jul-26
PMI	MoM		6-Jul-26
Foreign Currency Reserve	MoM		7-Jul-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

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