

What's Hot Today:

► Café de Coral (341 HK, HK\$4.96, HK\$2.88bn) Still not out of the woods

Café de Coral (CDC) reported FY3/26 revenue of HK\$8.2bn (-4.5% YoY) and net profit slid 29.5% to HK\$160mn; excluding revaluation loss on investment properties, core profit stood at HK\$150mn (-30% YoY). OPM contracted further to 2.99% from 3.79%, hitting a multi year low, owing to the rigid cost structure. In response, the Mgt took swift actions in consolidating stores and streamlining costs. As a result, margins in the 2H26 made a strong comeback after a weak 1H26.

A final dividend of 30 HK cents has been declared for a total of 40 HK cents for the full year, representing a payout ratio of 141%.

GPM & OPM analysis

YE: Mar (HK\$'mn)	1H25	2H25	1H26	2H26	FY25	FY26
Revenue	4,265	4,303	4,036	4,147	8,568	8,183
Gross Profit	437	455	329	445	893	775
Opt Profit	190	135	88	156	325	245
Net Profit	145	90	47	119	235	166
GPM	10.26%	10.58%	8.16%	10.74%	10.42%	9.47%
OPM	4.45%	3.14%	2.19%	3.76%	3.79%	2.99%
NPM	3.40%	2.09%	1.17%	2.87%	2.74%	2.03%

Source: company data, Sunwah Kingsway Research

Regional Divergence: Hong Kong Under Pressure, Mainland China Expands:

Hong Kong remained the primary revenue contributor, delivering HK\$6.7bn (5% YoY / 82% of total revenue). The core quick service restaurants (including Café de Coral, and Super Super Congee & Noodle) saw a 6% revenue decline to HK\$4.8bn and posted SSS declines of 6% and 9%, respectively, as subdued consumer sentiment and the normalization of outbound spending by Hong Kong residents continued to divert local foot traffic. The casual dining segment (Spaghetti House, Shanghai Lao Lao, etc.) saw revenue slide 6.4% to HK\$0.77bn, reflecting elevated operating pressures. The only bright spot was institutional catering, which grew 1% YoY to HK\$1bn, serving as a defensive pillar thanks to its stable client base. In terms of store count, Hong Kong's total outlets contracted by a net of 6 to 375, with core brands shrinking (Café de Coral 6 to 168, Super Super Congee & Noodle 1 to 49), while Oliver's Super Sandwiches expanded modestly by a net 3 to 21.

China & HK Indices	CLOSE	1D	YTD
HSI	24,493	-1.4%	-4.4%
HSCEI	8,240	-1.6%	-7.6%
HSCCI	4,250	-1.6%	5.8%
CSI300	4,884	-0.2%	5.5%
Shanghai A	4,291	-0.1%	6.8%
Shanghai B	270	-0.1%	6.8%
Shenzhen A	2,948	1.0%	11.4%
Shenzhen B	1,146	0.1%	-9.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	51,999	0.6%	8.2%
S&P 500	7,511	-0.6%	9.7%
Nasdaq	26,376	-1.2%	13.5%
Nikkei Index	69,484	0.1%	38.0%
FTSE Index	10,494	0.6%	5.7%
CAC Index	8,447	0.8%	3.7%
DAX Index	24,910	0.1%	1.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,331	0.5%	0.3%
STEEL (US\$/oz.)	3,412	-1.7%	34.2%
SILVER (US\$/oz.)	70	0.0%	-2.3%
CRUDE OIL (US\$/bbl)	76	-5.8%	33.3%
COPPER (US\$/oz.)	13,774	0.6%	10.9%
ALUMINIUM (US\$/oz.)	3,388	-4.1%	13.1%
PLATINUM (US\$/oz)	1,807	1.9%	-12.2%
ZINC (US\$/oz.)	3,569	-0.4%	14.5%
WHEAT (US\$/bu)	596	1.1%	17.3%
CORN (US\$/bu)	442	0.2%	-3.9%
SUGAR (US\$/lb)	105	-10.5%	
SOYBEAN (US\$/bu)	1,146	1.0%	8.0%
PVC (US\$/t)	4,654	-1.7%	49.2%
CRB	362	-1.7%	3.0%
BDI		-0.3%	44.9%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.834	0.862	160.430	0.793	6.757
HKD	0.128		0.110	20.479	10.125	0.863
EUR	1.161	9.094		186.250	1.086	7.846
JPY	0.006	4.882	0.537		0.494	0.042
CHF	1.261	9.878	1.086	202.237		8.520
RMB	0.148	1.159	0.127	23.744	0.117	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	-17.4%

Source: Bloomberg

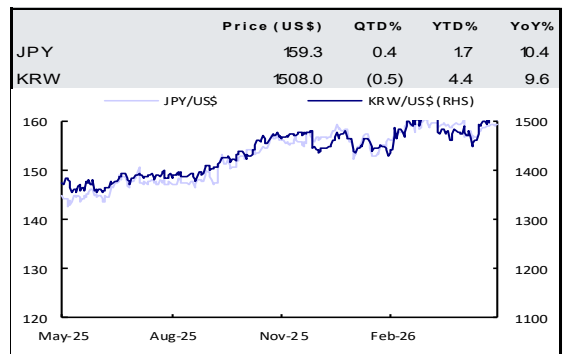
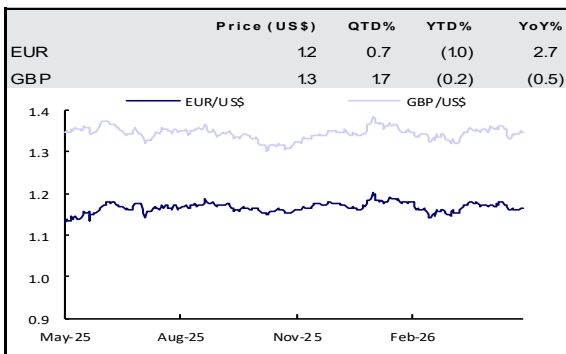
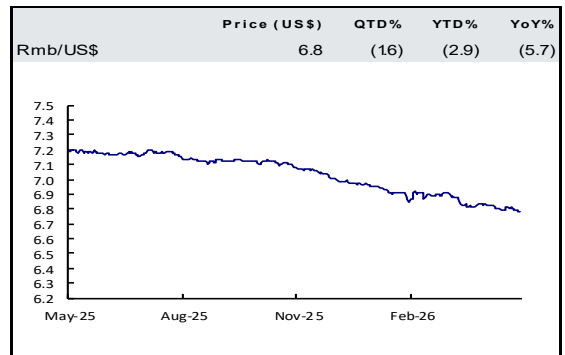
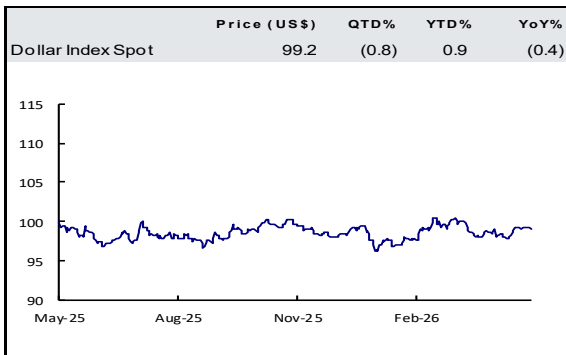
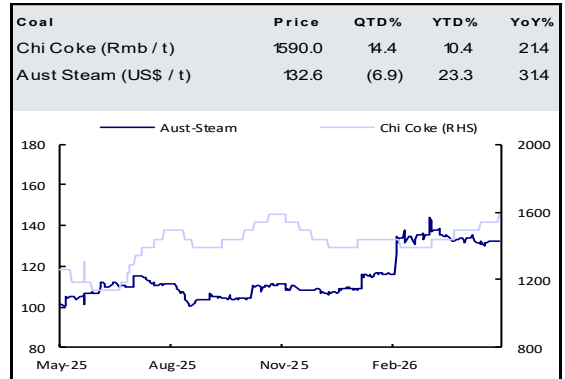
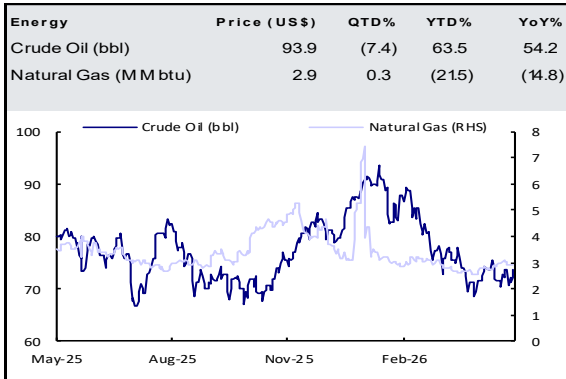
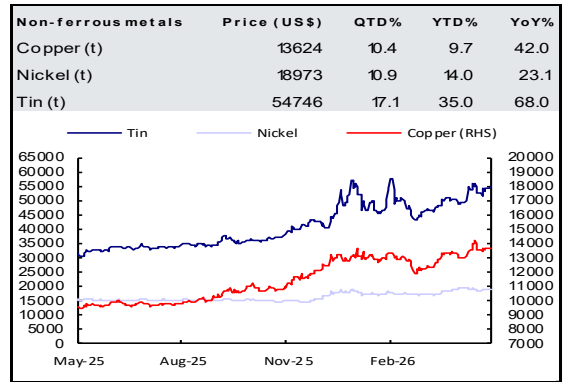
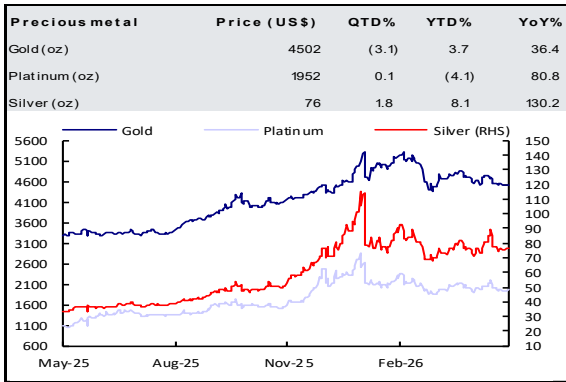
On the Mainland China front, revenue stood at HK\$1.5bn (2.3% YoY) with SSS down 9%, pressured by price war among the delivery platforms and heightened consumer price sensitivity. Nevertheless, the company added a net 10 stores in the mainland, bringing its total to 195, while continuing to penetrate lower tier cities under a “volume over price” strategy. Hong Kong’s quick service and casual dining segments remain under pressure, while institutional catering and Mainland expansion stood out as the sole growth engines.

Net cash of HK\$1.55 per share: As at 31 March 2026, CDC had cash and deposits amounted to HK\$1.1bn and total borrowings of HK\$0.2bn (down HK\$80mn YoY), lifting net cash to HK\$0.9bn (+52% YoY). In terms of cash flow, net cash generated from operating activities during FY26 was roughly HK\$1.5bn and free cash flow reached HK\$1.2bn (7x of net profit). CAPEX for the year stood at HK\$255mn (approximately 3% of revenue), below industry averages and reflecting a deliberate curtailment of expansionary spending.

HK\$50m buy-back plan: CDC also announced a buy-back plan to purchase up to HK\$50m worth of shares from the open market. An estimated 10.08mn shares would be repurchased at current price, representing about 1.74% of the outstanding shares.

Our views: CDC’s FY26 performance underscores persistent pressure on Hong Kong and Mainland China’s catering markets. Even with high brand penetration and consumer stickiness in Hong Kong, the normalization of northbound spending continues to undermine local foot traffic. Intensified industry competition, price wars, and delivery platform subsidies are squeezing margins, leaving little room for price hikes. Sustaining profitability will require further operational fine-tuning. The counter is trading at 24x FY27 P/E and a yield of 7.3%. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Housing Starts / Building Permits	MoM		16-Jun-26
Business Inventories	MoM		17-Jun-26
Retail Sales	MoM		17-Jun-26
Initial Jobless Claims	WoW		18-Jun-26
New home Sales	MoM		24-Jun-26
Personal Income & Spending	MoM		25-Jun-26
Durable Goods Orders	MoM		25-Jun-26
Wholesale Inventories	MoM		26-Jun-26
ISM Manufacturing PMI	MoM		1-Jul-26
Factory Orders	MoM		2-Jul-26
Employment Report	MoM		2-Jul-26
Trade Balance	MoM		7-Jul-26
Existing Home Sales	MoM		9-Jul-26
PPI	MoM		15-Jul-26
Industrial Production	MoM		17-Jul-26
Consumer Confidence	MoM		30-Jun-26
GDP	QoQ		25-Jun-26
CPI	MoM		14-Jul-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-26
Foreign Exchange Reserves	QoQ		7-Jul-26
Money Supply - M2	MoM		9-Jul-26
PPI	MoM		9-Jul-26
CPI	MoM		9-Jul-26
Trade Balance	MoM		14-Jul-26
Retail Sales	MoM		15-Jul-26
Industrial Production	MoM		15-Jul-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Unemployment Rate	MoM		17-Jul-26
GDP	QoQ		31-Jul-26
Producer Prices Index	QoQ		14-Sep-26
Industrial Production	QoQ		14-Sep-26
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst

Howard Wong

Alan Li

Amelia Deng

Email

howard.wong@sunwahkingsway.com

alan.li@sunwahkingsway.com

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