

What’s Hot Today:

► Jiu MaoJiu (9922 HK, HK\$2.70, HK\$3.8bn) headwind persists

Revenue dropped 10% YoY to RMB2.8bn in 1H25. Breaking down by brands, revenue of Tai Er/Song Hot Pot/ Jiu Mao Jiu decreased by 13%/3%/23% YoY, respectively, accounting to about 71%/15%/8% of total revenue, respectively. Restaurant level OPM of Tai Er remained stable at 13.4%, while Song Hot Pot/ Jiu Mao Jiu experienced declines of 5.0/4.2ppts YoY to 3.6%/12.7%, respectively. Net profit fell by 16% YoY to RMB61mn, with a NPM of 2.2%, down 0.2ppts YoY.

Fig 1: 1H25 results preview

	1H24		1H25			Results comments
	RMB mn	% of Rev	RMB mn	% of Rev	YoY chg	
Revenue	3,064		2,753		-10%	Tai Er-13%, Song Hot Pot-3%, JiuMaoJiu-23%
Raw materials	(1,097)	-35.8%	(980)	-35.6%	-11%	
Staff costs	(894)	-29.2%	(829)	-30.1%	-7%	
Depreciation of right-of-use assets	(287)	-9.4%	(268)	-9.7%	-6%	
Other rentals and related expenses	(66)	-2.2%	(55)	-2.0%	-17%	
Depreciation of other assets	(140)	-4.6%	(147)	-5.3%	5%	
Utility expenses	(123)	-4.0%	(111)	-4.0%	-10%	
Travelling and related expenses	(34)	-0.4%	(9)	-0.3%	-36%	
Advertising and promotion expenses	(47)	-1.5%	(36)	-1.3%	-24%	
Other expenses	(217)	-7.1%	(190)	-6.9%	-13%	
Finance costs	(53)	-1.7%	(55)	-2.0%	3%	
Profit before taxation	88		78		-11%	
Income tax	(20)		(19)		-4%	
Net profit	72	2.4%	61	2.2%	-16%	

Source: Company Data, Sunwah Kingsway Research

Weak traffic dragged SSSG. Seat turnover rate of Tai Er/Song Hot Pot/ Jiu Mao Jiu stood at 2.2x/1.7x/1.5x, respectively, down 0.5x/0.3x/0.3x YoY, respectively. There are signs that ASP may have bottomed out, where ASP of Tai Er and Jiu Mao Jiu saw slight increases of 3% and 2% YoY, reaching RMB73 and RMB57, respectively. However, brands with higher ASP seemed to be under greater pressure. ASP of Song Hot Pot fell by 11% YoY to RMB99, due to proactive menu adjustments. Hence, SSS declined by around 20% across all three brands.

China & HK Indices	CLOSE	1D	YTD
HSI	25,829	1.9%	28.8%
HSCBI	9,248	1.9%	26.9%
HSCCI	4,388	1.0%	16.1%
CSI300	4,469	2.1%	13.6%
Shanghai A	4,071	1.5%	0.4%
Shanghai B	268	0.7%	0.4%
Shenzhen A	2,548	1.8%	24.5%
Shenzhen B	1,342	0.0%	10.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	45,282	-0.8%	6.4%
S&P 500	6,439	-0.4%	9.5%
Nasdaq	21,449	-0.2%	11.1%
Nikkei Index	42,609	-0.5%	6.8%
FTSE Index	9,321	0.1%	14.1%
CAC Index	7,843	-1.6%	6.3%
DA-X Index	24,273	-0.4%	21.9%

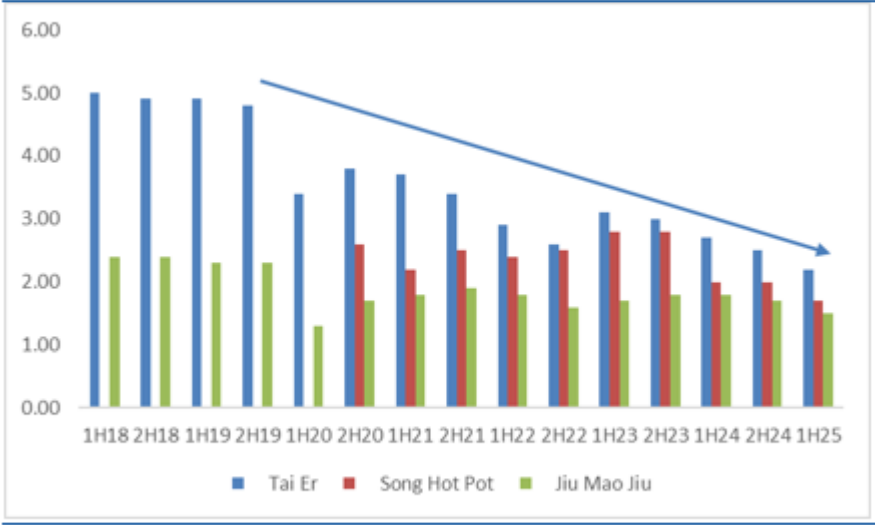
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,365	-0.2%	28.7%
STEEL (US\$/oz.)	2,137	3.5%	19.7%
SILVER (US\$/oz.)	38	-0.8%	33.8%
CRUDE OIL (US\$/bbl)	64	1.8%	-9.9%
COPPER (US\$/oz.)	9,796	0.8%	11.7%
ALUMINIUM (US\$/oz.)	2,624	1.9%	2.9%
PLATINUM (US\$/oz)	1,345	-1.1%	49.0%
ZINC (US\$/oz.)	2,818	1.1%	-5.4%
WHEAT (US\$/bu)	506	0.4%	-8.4%
CORN (US\$/bu)	412	0.2%	-7.3%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,047	-1.0%	1.7%
PVC (US\$/t.)	N/A	N/A	-10.1%
CRB	301	1.1%	3.0%
BDI			95.0%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.812	0.861	147.800	0.806	7.154
HKD	0.128		0.110	18.917	10.318	0.916
EUR	1.162	9.076		171.700	1.068	8.312
JPY	0.007	5.286	0.582		0.545	0.048
CHF	1.241	9.691	1.068	183.377		8.866
RMB	0.140	1.092	0.120	20.663	0.113	

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	14	-1.3%

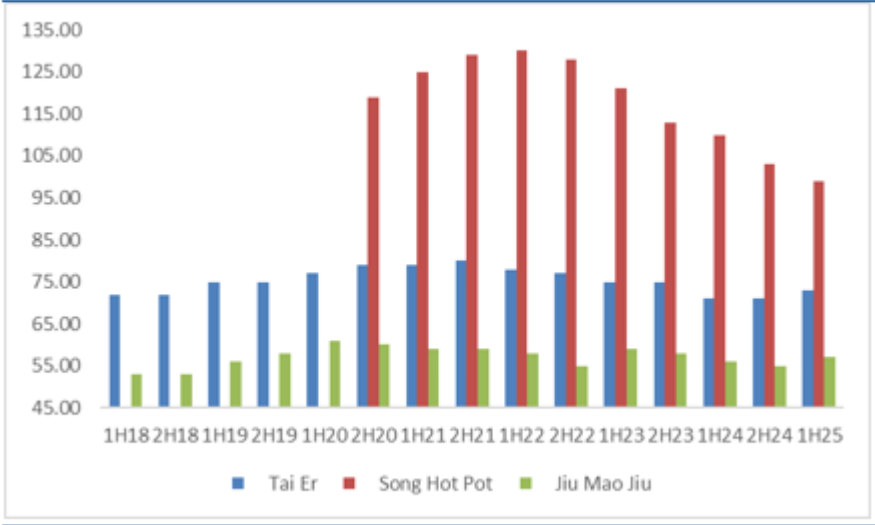
Source: Bloomberg

Fig 2: Seat turnover rate of different brands



Source: Company Data, Sunwah Kingsway Research

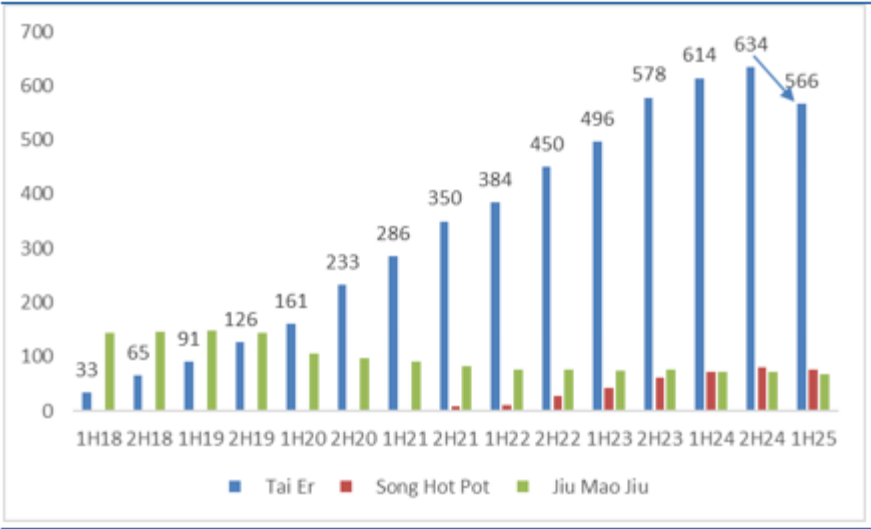
Fig 3: ASP of different brands



Source: Company Data, Sunwah Kingsway Research

All brands experienced store closures. Total stores count dropped 78 HoH to 729, comprising Tai Er/Song Hot Pot/ Jiu Mao Jiu/others of 566/76/68/19, respectively, down 68/4/3/3 HoH, respectively. The current store count of Tai Er is less than the level in 2H23. Subsequent to a period of rapid expansion in 2H23, Tai Er is expected to continue to close inefficient stores in 2H25. Meanwhile, Tai Er is gradually upgrading stores by expanding SKUs like chicken and beef and providing more flavors. As of the end of July, 64 stores have been remodeled, aiming to have 150 units remodeled by end-2025 and completed the exercise for all restaurants by end-2026. Both Song Hot pot and ShanWaimian experienced a decline in store numbers for the first time, reflecting challenges across all brands.

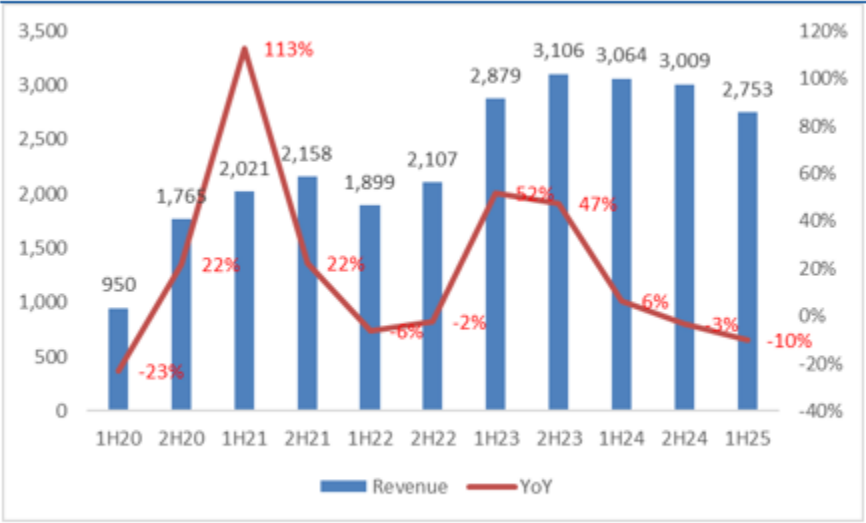
Fig 4: POS of different brands



Source: Company Data, Sunwah Kingsway Research

Our view: Despite stable ASP, Tai Er has experienced four consecutive quarters of double-digit SSS decline, primarily due to intense competition in catering market and its heavy reliance on a single dish. Meanwhile, the performance of hotpot brands Song Hot Pot and Shanwaishan (Guizhou-style sour soup hotpot) remained weak. The dine-in-focused store model also limited its ability to benefit from the ongoing fight between the food delivery players which triggered increasing demand for take-out orders. Given its lack of growth drivers, Jiu Mao Jiu is expected to remain under pressure in the near term. The counter is trading at 30x FY25E P/E. (Ensley LIU)

Fig 5: Revenue (RMB'mn) and YoY



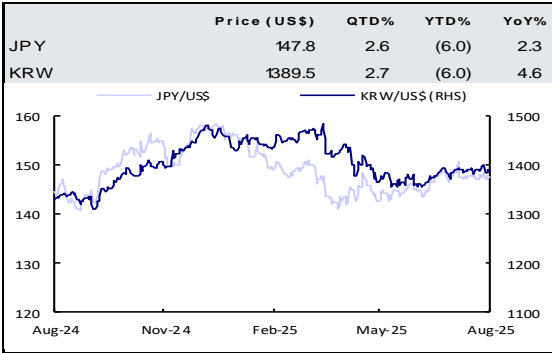
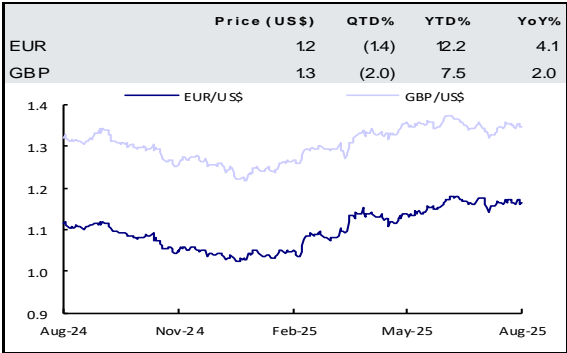
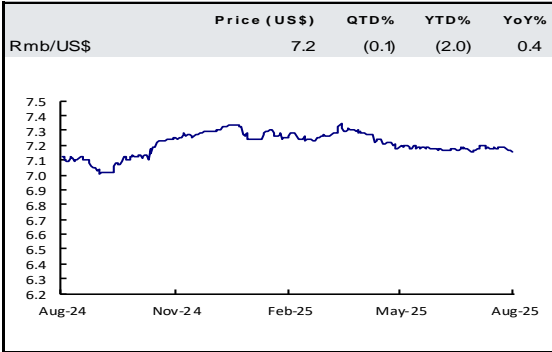
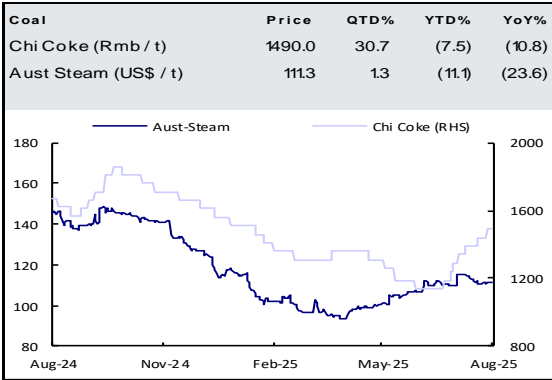
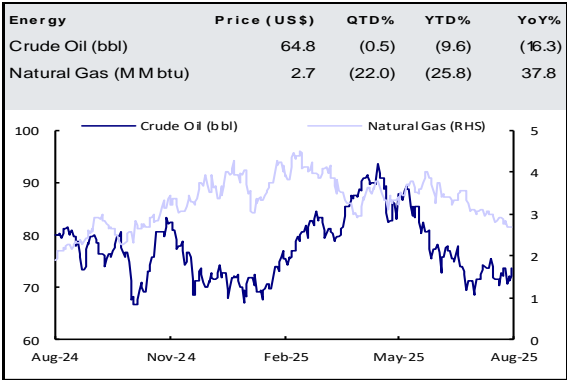
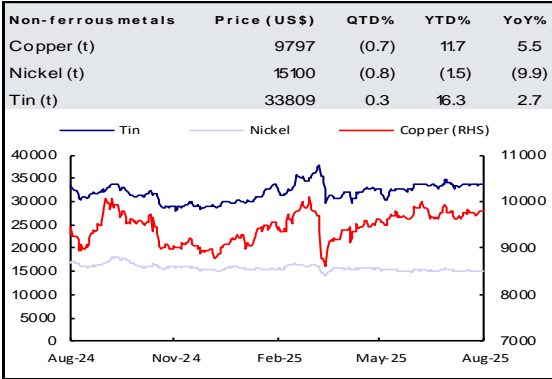
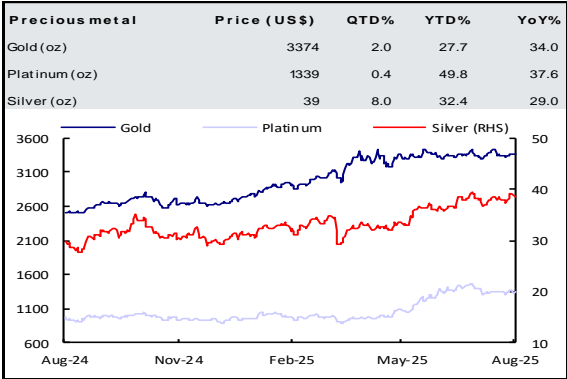
Source: Company Data, Sunwah Kingsway Research

Fig 6: Net profit (RMB'mn) and NPM



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
New home Sales	MoM		25-Aug-25
Durable Goods Orders	MoM		26-Aug-25
Consumer Confidence	MoM		26-Aug-25
Initial Jobless Claims	WoW		28-Aug-25
GDP	QoQ		28-Aug-25
Wholesale Inventories	MoM		29-Aug-25
Personal Income & Spending	MoM		29-Aug-25
ISM Manufacturing PMI	MoM		2-Sep-25
Factory Orders	MoM		3-Sep-25
Trade Balance	MoM		4-Sep-25
Employment Report	MoM		5-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		11-Sep-25
Business Inventories	MoM		16-Sep-25
Retail Sales	MoM		16-Sep-25
Industrial Production	MoM		16-Sep-25
Housing Starts / Building Permits	MoM		17-Sep-25
Existing Home Sales	MoM		23-Sep-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Aug-25
Foreign Exchange Reserves	QoQ		7-Sep-25
Trade Balance	MoM		8-Sep-25
Money Supply - M2	MoM		9-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		10-Sep-25
Retail Sales	MoM		15-Sep-25
Industrial Production	MoM		15-Sep-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		26-Aug-25
Money Supply - M2	MoM		29-Aug-25
Retail Sales	MoM		1-Sep-25
PMI	MoM		3-Sep-25
Foreign Currency Reserve	MoM		5-Sep-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Unemployment Rate	MoM		16-Sep-25
CPI	MoM		22-Sep-25
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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