

What’s Hot Today:

► **Mixue (2097 HK, HK\$460.40, HK\$69.5bn) strong 1H25 performance**

1H25 inline with expectations. Revenue grew by 39% YoY to RMB14.9bn in 1H25, thanks to aggressive subsidies from Chinese delivery platforms and faster-than-expected store expansion. By segment, sales of goods/equipment/franchise fees increased by 39%/42%/30% YoY, accounting for 93%/4.4%/2.6% of total revenue, respectively. Net profit rose by 43% YoY to RMB2.7bn. GPM narrowed by 0.2ppts YoY to 31.6%, primarily due to the higher raw material costs from lemon and coffee beans. Despite a 0.3ppts increase in the Admin. expense ratio, NPM expanded by 0.5ppts YoY to 18.1%, thanks to a lower effective tax rate.

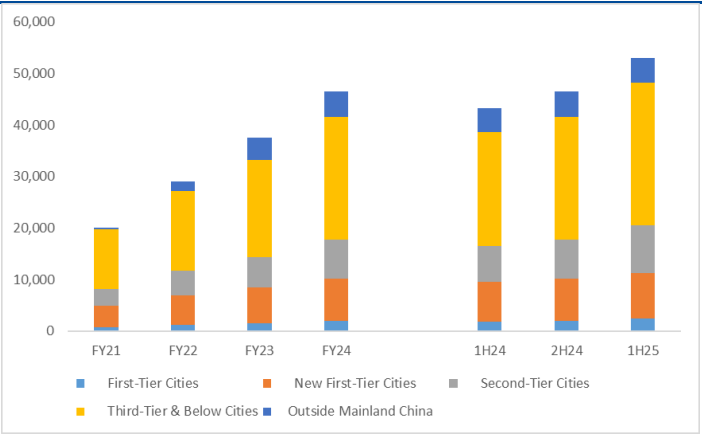
Fig 1: 1H25 results preview

	1H24		1H25		Results comments
	RMB mn	% of Rev	RMB mn	% of Rev YoY chg	
Revenue	10,677		14,875	39%	Thanks to aggressive delivery subsidy and 14% growth in store count
Cost of sales	(7,274)		(10,168)	40%	
Gross profit	3,403	31.9%	4,706	31.6%	higher raw material costs for lemons and coffee beans
Other income	81	0.8%	159	1.1%	
Selling and distribution expenses	(651)	-6.1%	(914)	-6.1%	40%
Administrative expenses	(280)	-2.6%	(438)	-2.9%	
R&D expense	(40)		(41)	2%	2%
Finance costs	(4)		(2)	-53%	
Profit before income taxes	2,502		3,468	39%	
Income tax expense	(615)	-5.8%	(750)	-5.0%	
Net profit	1,884	17.6%	2,693	18.1%	Thanks to lower effective tax rate

Source: Company Data, Sunwah Kingsway Research

Accelerated store expansion. As of June 30, 2025, Mixue operated 53,014 stores globally, with 91% located in mainland China, of which 52,966 were operated by franchisees. The company accelerated its expansion in Mainland China and opened a net of 6,697 new domestic stores in 1H25. 58% of these new stores were established in tier-three cities or below. While the overseas store count declined by 162 HoH to 4,733, as the company optimized inefficient stores in Indonesia and Vietnam. Looking ahead, Mixue plans to strengthen its presence in Southeast Asia and expand into new markets.

Fig 2: POS by regions



Source: Company Data, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	25,201	-1.3%	25.6%
HSCEI	9,020	-1.4%	23.7%
HSCCI	4,273	-1.6%	13.0%
CSI300	4,386	-1.5%	11.5%
Shanghai A	3,984	-1.8%	-2.4%
Shanghai B	260	1.3%	-2.4%
Shenzhen A	2,504	-1.9%	22.3%
Shenzhen B	1,315	-0.6%	8.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	45,565	0.3%	7.1%
S&P500	6,481	0.2%	10.2%
Nasdaq	21,590	0.2%	11.8%
Nikkei Index	42,696	0.4%	7.0%
FTSE Index	9,255	-0.1%	13.2%
CAC Index	7,743	0.4%	4.9%
DA-X Index	24,046	-0.4%	20.8%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,397	0.1%	29.4%
STEEL (US\$/oz.)	2,132	-0.2%	19.4%
SILVER (US\$/oz.)	38	-0.0%	33.6%
CRUDE OIL (US\$/bbl)	64	1.4%	-11.1%
COPPER (US\$/oz.)	9,755	-0.4%	11.3%
ALUMINIUM (US\$/oz.)	2,602	-0.8%	2.0%
PLATINUM (US\$/oz)	1,348	-0.5%	48.4%
ZINC (US\$/oz.)	2,761	-2.0%	-7.3%
WHEAT (US\$/bu)	502	-1.4%	-8.8%
CORN (US\$/bu)	406	-0.9%	-8.5%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,047	-0.2%	2.1%
P/C (US\$/t.)	N/A	N/A	-10.1%
CRB	300	-0.3%	3.0%
BDI			104.7%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.786	0.859	147.420	0.802	7.152
HKD	0.128		0.110	18.933	10.305	0.919
EUR	1.164	9.062		171.590	1.071	8.319
JPY	0.007	5.282	0.583		0.544	0.049
CHF	1.246	9.706	1.071	183.764		8.910
RMB	0.140	1.089	0.120	20.611	0.112	

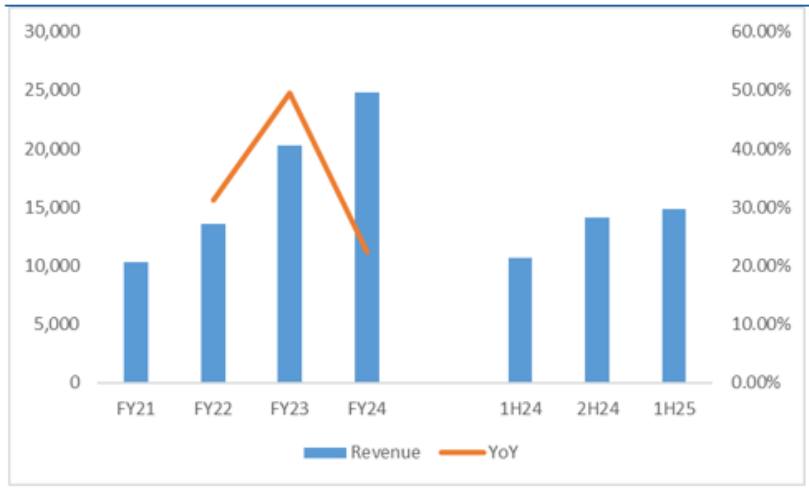
Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	14	-5.4%

Source: Bloomberg

Lucky Cup becomes another growth driver. Launched in 2017, the brand offers value for money coffee priced between RMB5.0 and 10.0, with a diverse product portfolio that includes fruit coffee, milk coffee, fruit tea, and milk tea. As of the end of July, there were over 7,200 Lucky Cup stores. Year-to-date, the brand has accelerated its expansion, particularly in higher-tier cities. Lucky Cup offers more favorable franchise policies to attract franchisees to penetrate key markets in Tier 1 and 2 cities.

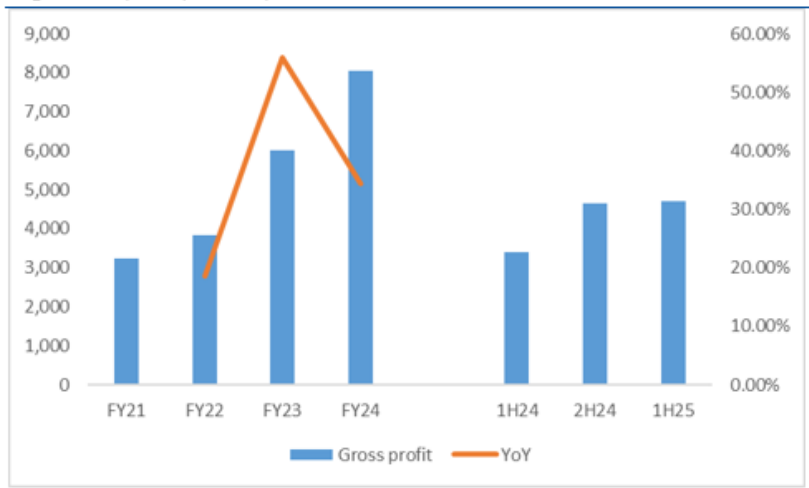
Our view: Mixue has an unbeatable pricing strategy in fresh beverage markets averaging below US\$1 each cup. Although the intensive delivery subsidies may not be sustained in the long term, its value-for-money strategy is the key to retaining customers. Meanwhile, sub-brand Lucky Cup also performs strongly and expands rapidly. Furthermore, thanks to its strong supply chain and operational efficiency, fluctuations in raw material costs are expected to have a limited impact on their earnings. The counter is trading at 30x FY25E P/E. (Ensley LIU)

Fig 3: Revenue (RMB'mn) and YoY



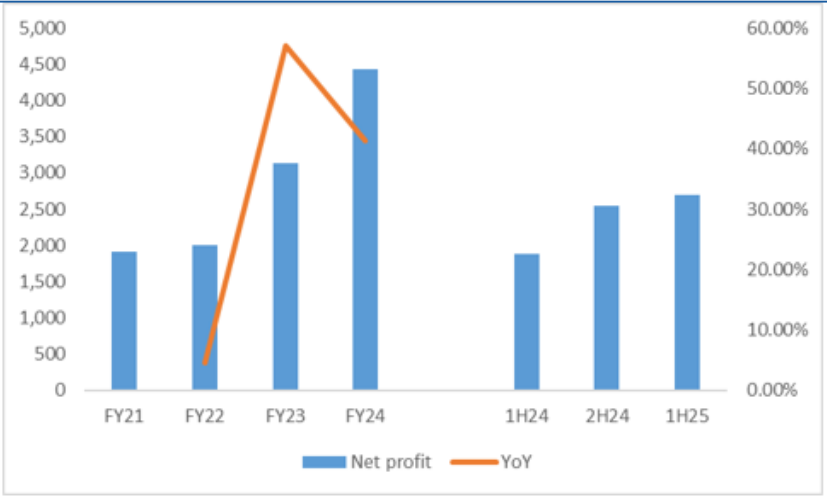
Source: Company Data, Sunwah Kingsway Research

Fig 4: Gross profit (RMB'mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Fig 5: Net profit (RMB'mn) and YoY



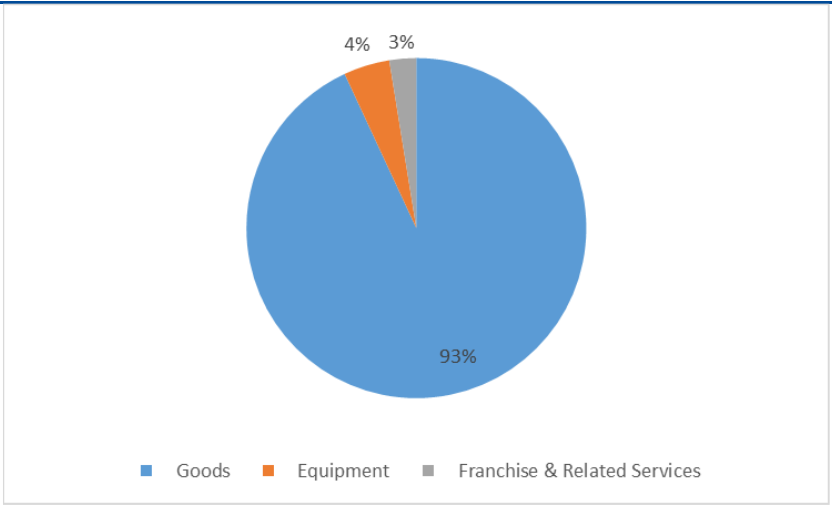
Source: Company Data, Sunwah Kingsway Research

Fig 6: Margins



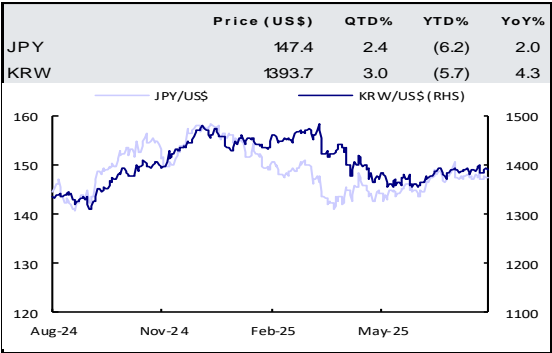
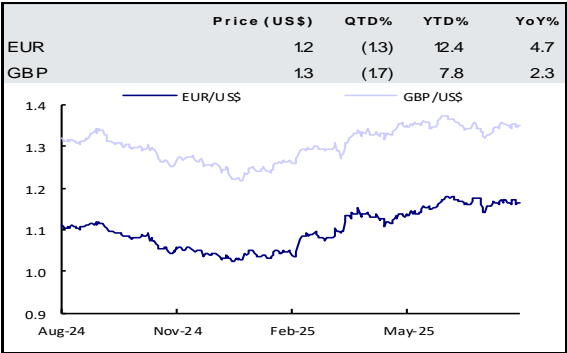
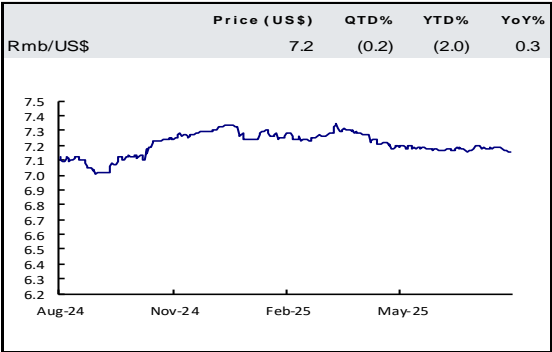
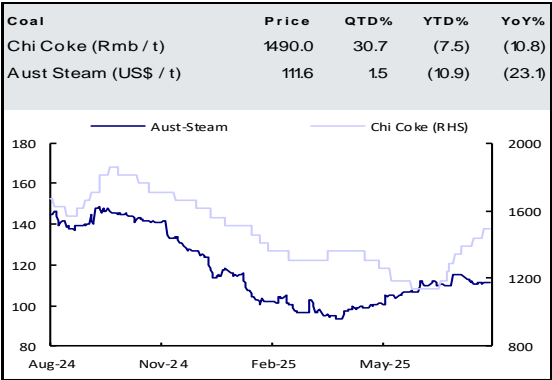
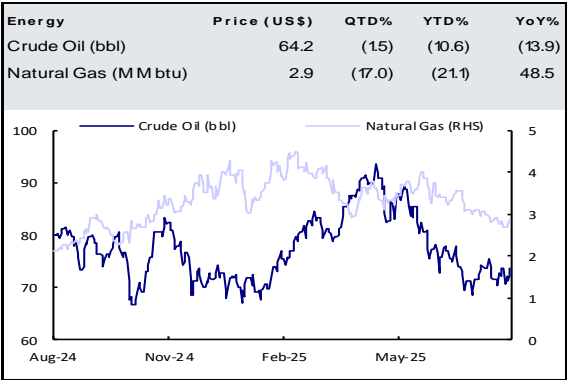
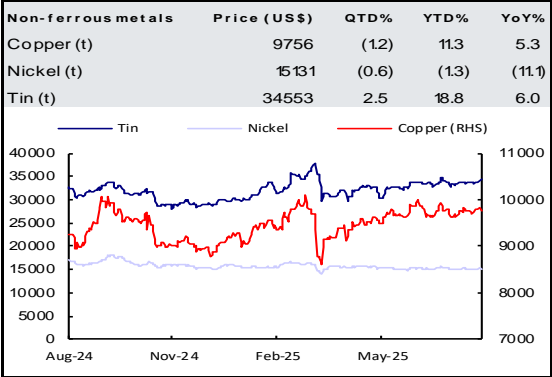
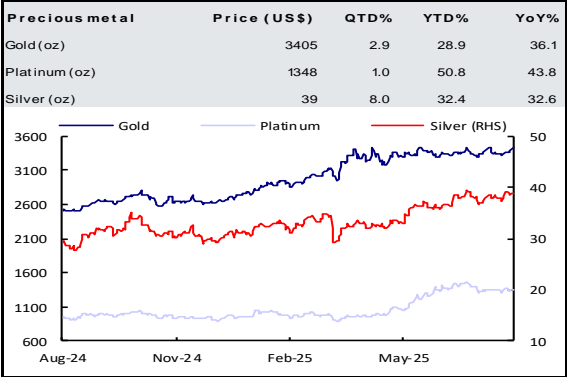
Source: Company Data, Sunwah Kingsway Research

Fig 7: Revenue breakdown



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Durable Goods Orders	MoM		3-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
New home Sales	MoM		24-Sep-25
Consumer Confidence	MoM		30-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
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
Trade Balance	MoM		25-Sep-25
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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