Morning Snapshot

SUNWAH KINGSWAY 新華滙富

What's Hot Today:

► Yum China (9987 HK, HK$352.00, HK$127bn) Expansion on track backed by discipline cost controls

Yum China is the largest restaurant operator in China, with the exclusive rights of KFC, Pizza Hut and Taco Bell in China. It also owns Little Sheep and Huang Ji Huang and partner with coffer brand Lavazza.

3Q25 inline. Total revenue in 3Q25 grew to a solid 4.4% YoY to US$3.2bn, in line with market expectations, mainly on the back of a 10% YoY growth in new stores and a SSSG of 1%. SSSG remained stable in Q3 compared to 1% in Q2 and flat in Q1. This solid trend was driven by sustained transaction traffic growth, yet ASP remained under pressure due to ongoing subsidies on deliveries. Despite increasing contribution from delivery orders, OPM expanded by 0.4ppts YoY to 12.5%, reflecting stricter cost discipline. While net profit dropped by 5% YoY to US$282m, due to fair value changes in its holdings in Meituan and lower interest income.

Fig 1. 3Q25 Financial Review

	3Q24		3Q25			Results comments
	US$ mn	% of Rev	US$ mn	% of Rev	YoY chg	
Total revenues	**3,071**		**3,206**		**4%**	**KFC+4%, Pizza Hut+3% YoY**
Food and paper	918	29.9%	939	29.3%	2%	
Payroll and employee benefits	728	23.7%	785	24.5%	8%	
Occupancy and other operating expenses	755	24.6%	755	23.5%	0%	
Company restaurant expenses	**2,401**	**78.2%**	**2,479**	**77.3%**	**3%**	**Stricter cost control**
General and administrative expenses	139	4.5%	143	4.5%	3%	
Expenses for transactions with franchisees	110		134		22%	
Operating Profit	**371**	**12.1%**	**400**	**12.5%**	**8%**	**OPM+0.4ppts YoY**
Profit before income taxes	436		413		-5%	
Income tax expense	(119)		(114)		-4%	
Net profit	**297**	**9.7%**	**282**	**8.8%**	**-5%**	**Meituan fair value changes and lower interest income**

Source: Company Data, Sunwah Kingsway Research

Store opening pace continued to be below guidance. As of Sep 30, 2025, Yum China operated a total of 17,514 stores in China, including 12,640 KFC and 4,022 Pizza Hut stores. 536 net new stores were opened during the quarter, doubling from 247 in Q1 and 336 in Q2 (vs. full-year guidance at 1,600-1,800 stores). The Mgt reiterated its target of 20,000 stores by the end of 2026. Meanwhile, Yum China is also expanding its coffee business. KCOFFEE, KFC's coffee sub-brand, opened 500 new locations in Q3, bringing its total to 1,800, achieved its full-year target of 1,700 stores ahead of schedule.

KFC: Revenue in 3Q25 increased by 4% YoY to US$2.4bn, accounting for 75% of total, on the back of a 12% YoY growth in stores count and 2% YoY SSSG. Same store transactions benefited from rapid growth of smaller orders, yet ASP declined. Delivery sales maintained robust at 30%+ YoY growth following KFC joined JD instant delivery in late June.

China & HK Indices	CLOSE	1D	YTD
HSI	25,952	-0.8%	29.4%
HSCEI	9,173	-0.9%	25.8%
HSCCI	4,108	0.1%	8.7%
CSI300	4,618	-0.7%	17.4%
Shanghai A	4,152	-0.4%	-2.9%
Shanghai B	259	-0.4%	-2.9%
Shenzhen A	2,601	-1.3%	27.1%
Shenzhen B	1,306	-0.7%	7.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	47,085	-0.5%	10.7%
S&P 500	6,771	-1.2%	15.1%
Nasdaq	23,348	-2.0%	20.9%
NIKKEI Index	50,391	-2.1%	26.3%
FTSE Index	9,714	0.1%	18.9%
CAC Index	8,067	-0.5%	9.3%
DAX Index	23,949	-0.8%	20.3%

Commodities		CLOSE	1D	YTD
GOLD	(US$/oz.)	3,932	-1.7%	50.0%
STEEL	(US$/oz.)	2,293	-3.8%	28.4%
SILVER	(US$/oz.)	47	-1.9%	62.8%
CRUDE OIL	(US$/bbl)	60	-0.8%	-15.9%
COPPER	(US$/oz.)	10,663	-2.1%	21.6%
ALUMINIUM	(US$/oz.)	2,859	-0.9%	12.1%
PLATINUM	(US$/oz)	1,540	-2.0%	68.8%
ZINC	(US$/oz.)	3,088	1.1%	3.7%
WHEAT	(US¢/bu)	550	3.0%	-0.2%
CORN	(US¢/bu)	431	0.0%	-2.8%
SUGAR	(US¢/lb)	N/A	N/A	
SOYBEAN	(US¢/bu)	1,121	0.6%	8.5%
PVC	(US$/t.)	N/A	N/A	-14.2%
CRB		304	0.5%	3.0%
BDI				95.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.774	0.871	153.670	0.810	7.130
HKD	0.129		0.112	19.766	10.425	0.917
EUR	1.148	8.927		176.440	1.075	8.188
JPY	0.007	5.059	0.567		0.527	0.046
CHF	1.234	9.593	1.075	189.628		8.800
RMB	0.140	1.090	0.122	21.540	0.114	

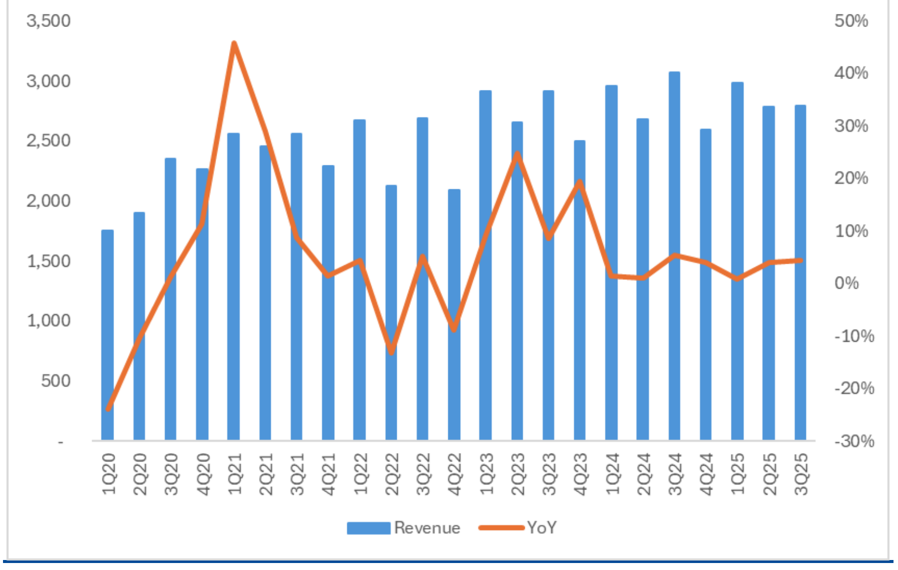
Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	19	15.7%

Source: Bloomberg

Pizza Hut: Revenue grew by 3% YoY to US$635mn supported by 11.5% YoY stores growth and 1% YoY SSSG. Restaurant margin expanded to 13.4%, driven by lower commodity prices, operational efficiencies, and automation initiatives. The Mgt highlighted the success of its pricing strategy, by keeping KFC price steady and offering more value-for-money products in Pizza Hut. The decision led to a robust 17% YoY same-store transaction growth but a 13% YoY decline in ASP in Q3.

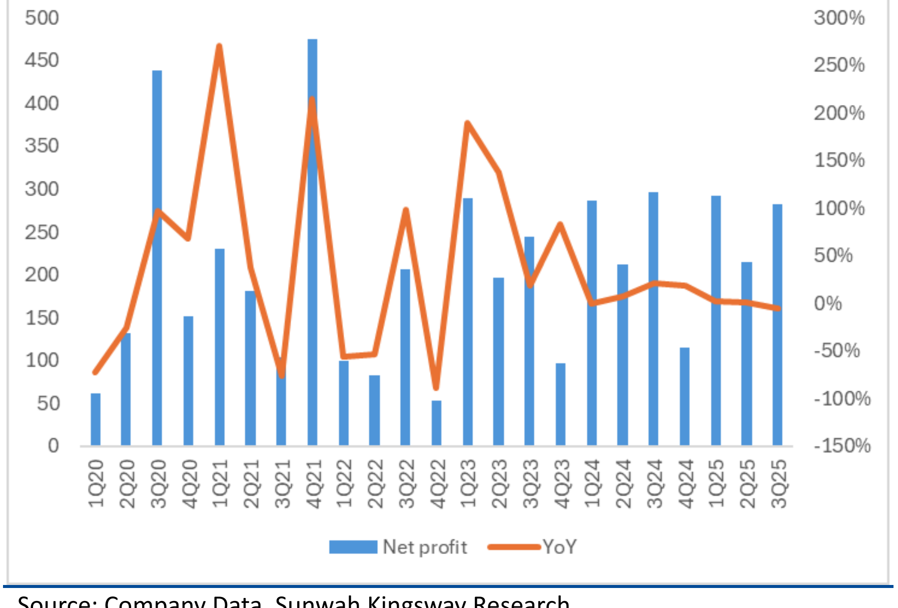
Our view: The operating profit growth in Q3 primarily benefited from increased order volume from the delivery platforms, and continuous cost control. Looking ahead, it is believed that Yum China could maintain its resilience driven by its value-for-money products, proactive expansion plan and robust performance of new sub-brands like KCoffee and KPRO (healthy light meal). The counter is trading at 16x FY26E P/E.

Fig 2: Revenue (US$'mn) and YoY



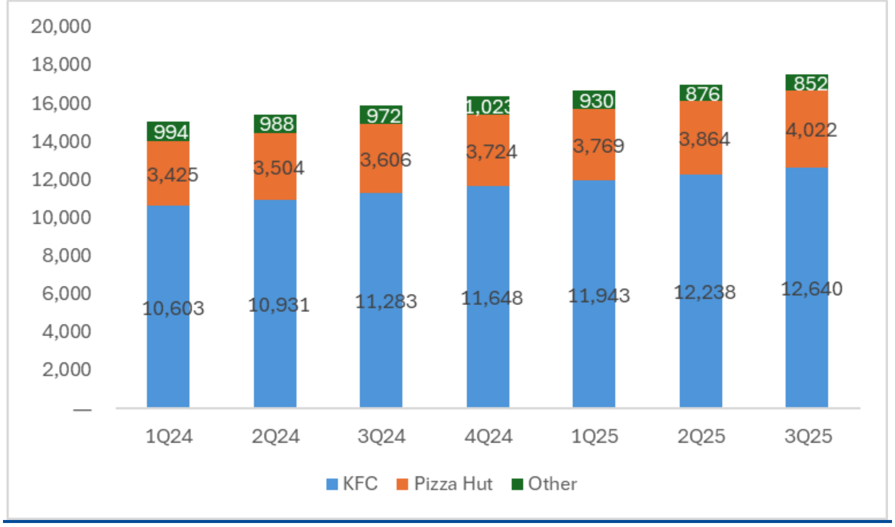
Source: Company Data, Sunwah Kingsway Research

Fig 3: Net profit (US$'mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Fig 4: Store breakdown



Source: Company Data, Sunwah Kingsway Research

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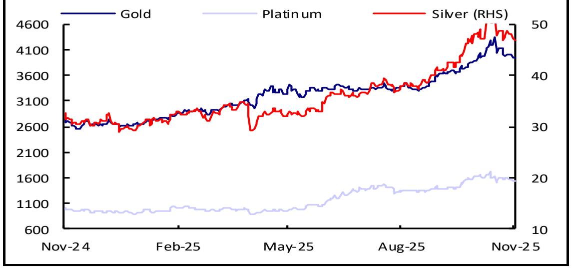
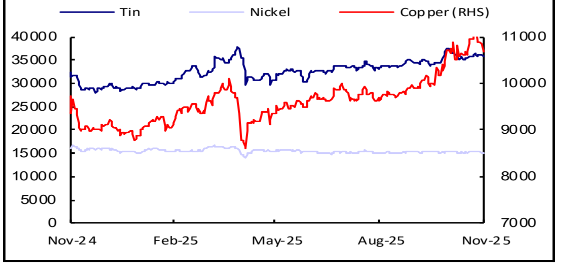
Market Watch – Major Commodities and Currencies

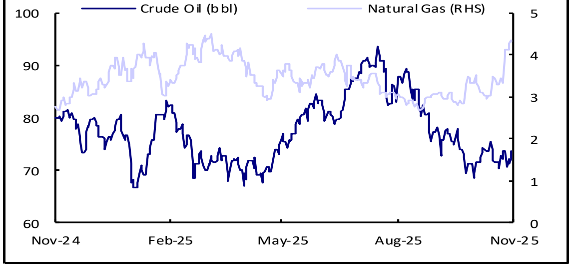
Precious metal	Price (US$)	QTD%	YTD%	YoY%
Gold (oz)	3961	3.1	50.0	44.0
Platinum (oz)	1551	(2.1)	73.5	54.0
Silver (oz)	47	1.4	61.7	44.3



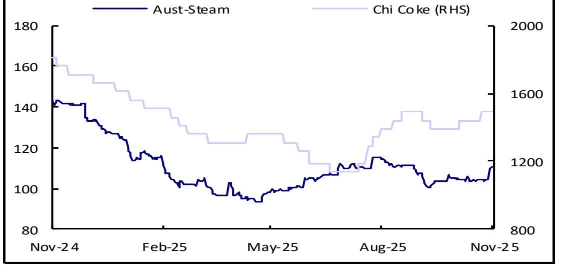
Non-ferrous metals	Price (US$)	QTD%	YTD%	YoY%
Copper (t)	10664	3.8	21.6	9.5
Nickel (t)	15075	(1.1)	(1.7)	(6.5)
Tin (t)	35814	1.1	23.1	10.7



Energy	Price (US$)	QTD%	YTD%	YoY%
Crude Oil (bbl)	60.6	(2.9)	(15.6)	(15.9)
Natural Gas (MMbtu)	4.3	31.5	19.5	62.7

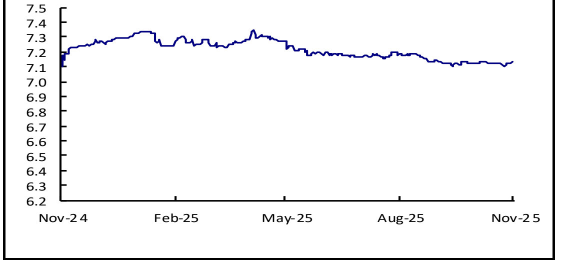


Coal	Price	QTD%	YTD%	YoY%
Chi Coke (Rmb / t)	1490.0	7.2	(7.5)	(17.7)
Aust Steam (US$ / t)	110.9	4.4	(11.5)	(22.4)

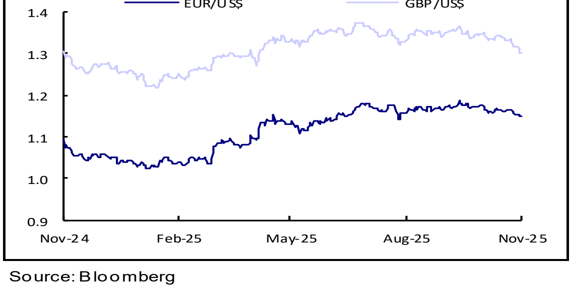


	Price (US$)	QTD%	YTD%	YoY%
Dollar Index Spot	100.2	2.5	(7.6)	(3.1)

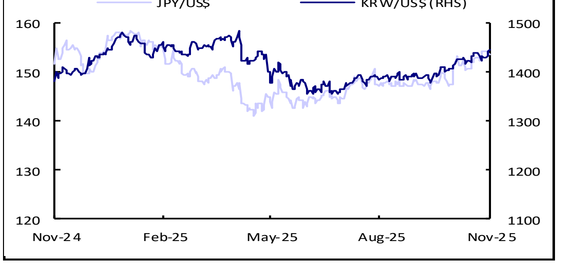
	Price (US$)	QTD%	YTD%	YoY%
Rmb/US$	7.1	0.1	(2.3)	0.3



	Price (US$)	QTD%	YTD%	YoY%
EUR	1.1	(2.1)	10.9	5.1
GBP	1.3	(3.2)	4.0	(0.2)



	Price (US$)	QTD%	YTD%	YoY%
JPY	153.7	3.9	(2.2)	1.4
KRW	1440.3	2.6	(2.6)	4.3



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		6-Nov-25
Wholesale Inventories	MoM		6-Nov-25
Employment Report	MoM		7-Nov-25
CPI	MoM		13-Nov-25
PPI	MoM		14-Nov-25
Business Inventories	MoM		14-Nov-25
Retail Sales	MoM		14-Nov-25
Industrial Production	MoM		18-Nov-25
Housing Starts / Building Permits	MoM		19-Nov-25
Existing Home Sales	MoM		20-Nov-25
Consumer Confidence	MoM		25-Nov-25
New home Sales	MoM		26-Nov-25
Durable Goods Orders	MoM		26-Nov-25
GDP	QoQ		26-Nov-25
Personal Income & Spending	MoM		26-Nov-25
ISM Manufacturing PMI	MoM		1-Dec-25
Trade Balance	MoM		4-Dec-25
Factory Orders	MoM		5-Dec-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Nov-25
Trade Balance	MoM		7-Nov-25
Money Supply - M2	MoM		9-Nov-25
PPI	MoM		9-Nov-25
CPI	MoM		9-Nov-25
Retail Sales	MoM		14-Nov-25
Industrial Production	MoM		14-Nov-25
PMI Manufacturing	MoM		30-Nov-25
GDP	YoY		

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI	MoM		5-Nov-25
Foreign Currency Reserve	MoM		7-Nov-25
GDP	QoQ		14-Nov-25
Unemployment Rate	MoM		18-Nov-25
CPI	MoM		20-Nov-25
Trade Balance	MoM		25-Nov-25
Money Supply - M2	MoM		28-Nov-25
Retail Sales	MoM		1-Dec-25
Producer Prices Index	QoQ		15-Dec-25
Industrial Production	QoQ		15-Dec-25
Composite Interest Rate	MoM		

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Notice of interest disclosure filed by substantial shareholders for the two previous trading days			
Name of listed corporation	**Name of substantial share holder**	**No. of shares bought/sold/involved**	**Average price per share**
Centenary United Holdings Ltd.	Li Wai Keung	500,000(L)	HKD 1.3510
Centenary United Holdings Ltd.	Li Wai Keung	500,000(L)	HKD 0.8100
China In-Tech Ltd.	China Yuen Capital Limited	1,100,000(L)	HKD 1.0397
China In-Tech Ltd.	Li Yuelan	1,100,000(L)	HKD 1.0397
China In-Tech Ltd.	Liu Xuezhong	1,100,000(L)	HKD 1.0397
CStone Pharmaceuticals - B	Yang Jianxin	220,000(L)	HKD 6.2738
Da Yu Financial Holdings Ltd.	Allied Group Limited	1,000,000(L)	HKD 0.1200
Da Yu Financial Holdings Ltd.	Lee Seng Huang	1,000,000(L)	HKD 0.1200
Da Yu Financial Holdings Ltd.	Lee Seng Hui	1,000,000(L)	HKD 0.1200
Da Yu Financial Holdings Ltd.	Lee Su Hwei	1,000,000(L)	HKD 0.1200
Dashan Education Holdings Ltd.	Infinite Apex Enterprises Limited	4,080,000(L)	HKD 2.4545
Dashan Education Holdings Ltd.	XI Wang	4,080,000(L)	HKD 2.4545
E-House (China) Enterprise Holdings Ltd.	Central Sino Global Limited	1,893,300(L)	HKD 0.0801
E-House (China) Enterprise Holdings Ltd.	Jovial Idea Developments Limited	1,893,300(L)	HKD 0.0801
E-House (China) Enterprise Holdings Ltd.	Tianji Holding Limited (In Liquidation)	1,893,300(L)	HKD 0.0801
Gemdale Properties and Investment Corporation Ltd.	Loh Lian Huat	1,022,000(L)	HKD 0.1750
Glorious Sun Enterprises Ltd.	Yeung Chun Kam	80,000(L)	HKD 1.3395
Hong Wei (Asia) Holdings Co. Ltd.	Chu Hin Ming Alfonso	1,404,000(L)	HKD 0.1460
Jiangxi Rimag Group Co., Ltd. - H Shares	FENG Xie	18,500(L)	HKD 15.8300
Morimatsu International Holdings Co. Ltd.	Nishimatsu Koei	100,000(L)	HKD 10.1800
Shin Hwa World Ltd.	ONE ALLIANCE ENTERPRISES LIMITED	953,600,006(L)	HKD 0.1000
Shin Hwa World Ltd.	YU YI-HUA	953,600,006(L)	HKD 0.1000

Source: HKEx

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