

What's Hot Today:

► China Catering: Leisure Dining outperform while Hot Pot faces headwinds

SSSG under pressure, yet bottom line resilient – We have summarised the FY25 results of six major Chinese catering companies to identify broader industry trends. Most players delivered robust bottom-line growth, although food delivery price wars eroded margins and customer traffic softened. In response, several companies including Haidilao (HDL) (6862 HK, HK\$15.13, HK\$84bn), Xiaocaiyuan (XCY) (999 HK, HK\$6.52, HK\$7.7bn), and Green Tea (6831 HK, HK\$8.22, HK\$5.4bn) actively expanded their delivery businesses, leveraging aggressive subsidies.

Green Tea outperformed its peers, delivering HDD YoY growth in both revenue and net profit, driven by store expansion (+31% YoY). XCY reported HDD growth in operating profit, supported by 140 net new store openings (+21% YoY) and effective cost control over raw materials and staff expenses. Xiabuxiabu (XBXB) (520 HK, HK\$0.45, HK\$483mn) recorded a net loss for the fifth consecutive year, yet the loss narrowed significantly by 25% YoY. Despite a 14.0% YoY decline in same-store sales (SSS) in FY25, Tai Er (under Jiumaojiu (JMJ), 9922 HK, HK\$1.92, HK\$2.7bn) maintained stable store-level OPM at 13.7% (+50bps YoY), contributing 71.1% of total revenue. Yum China (9987 HK, HK\$381.60, HK\$134bn) saw generally steady growth across key financial metrics.

Fig1: Key financials of the six companies

	Haidilao 6862	Xiaocaiyuan 999	Jiumaojiu 9922	Green Tea 6831	Xiabuxiabu 520	Yum China 9987
RMB'mn						
Revenue	43,225	5,345	5,233	4,763	3,789	84,765
YoY	1%	3%	-14%	24%	-20%	4%
Number of sores	1,304	807	644	609	905	18,101
YoY	-4%	21%	-20%	31%	-5%	10%
Same store sales growth	-12.6%	-0.1%	-12.6%	-0.8%	-16.8%	1.0%
Operating profit	5,812	986	74	577	-284	9,269
YoY	-12%	28%	0%	38%	27%	11%
OPM	13%	18%	1%	12%	-8%	11%
Attributable profit	4,050	715	58	486	-301	6,675
YoY	-14%	23%	4%	39%	25%	2%

Source: Company Data, Sunwah Kingsway Research

Hot Pot segment faces store optimisation under SSSG pressure – The Hot Pot sector (HDL, JMJ, XBXB) has been experiencing revenue pressure and ongoing net store closures. SSSG contracted by double digits due to weaker customer traffic and pricing pressure, indicating a sector-wide headwind and diminishing returns from store expansion. Facing issues such as consumption premium and product homogeneity, Hot Pot brands are shifting from scale-driven growth to refined operations, a transition that will likely take time to rebalance. In response, HDL has been driving differentiated store renovations across its network. As of the end of 2025, the company had completed over 200 specialty-themed store renovations, including fresh-cut stores and late-night snack stores, with nationwide coverage across key cities. Meanwhile, Tai Er aims to upgrade all its restaurants by the end of 2026.

China & HK Indices	CLOSE	1D	YTD
HSI	26,361	0.8%	2.9%
HSCEI	8,899	0.6%	-0.2%
HSCCI	4,336	0.3%	8.0%
CSI300	4,757	0.6%	2.8%
Shanghai A	4,281	0.8%	6.2%
Shanghai B	269	0.1%	6.2%
Shenzhen A	2,890	0.7%	9.2%
Shenzhen B	1,186	0.3%	-6.1%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,442	-0.0%	2.9%
S&P500	7,109	-0.2%	3.9%
Nasdaq	24,404	-0.3%	5.0%
NIKKEI Index	59,228	0.7%	17.7%
FTSE Index	10,609	-0.5%	6.8%
CAC Index	8,331	-1.1%	2.2%
DA-X Index	24,417	-1.2%	-0.3%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,820	-0.2%	11.7%
STEEL (US\$/oz.)	3,081	3.9%	21.2%
SILVER (US\$/oz.)	79	-1.4%	11.3%
CRUDE OIL (US\$/bbl)	89	6.9%	53.4%
COPPER (US\$/oz.)	13,275	0.0%	6.9%
ALUMINIUM (US\$/oz.)	3,557	-2.4%	18.8%
PLATINUM (US\$/oz.)	2,092	-1.0%	1.6%
ZINC (US\$/oz.)	3,408	-0.5%	9.3%
WHEAT (US\$/bu)	597	1.0%	17.7%
CORN (US\$/bu)	460	0.6%	1.1%
SUGAR (US\$/lb)	102	-4.6%	
SOYBEAN (US\$/bu)	1,181	-0.1%	10.1%
PVC (US\$/t)	5,118	0.2%	62.5%
CRB	369	-1.4%	3.0%
BDI			36.8%

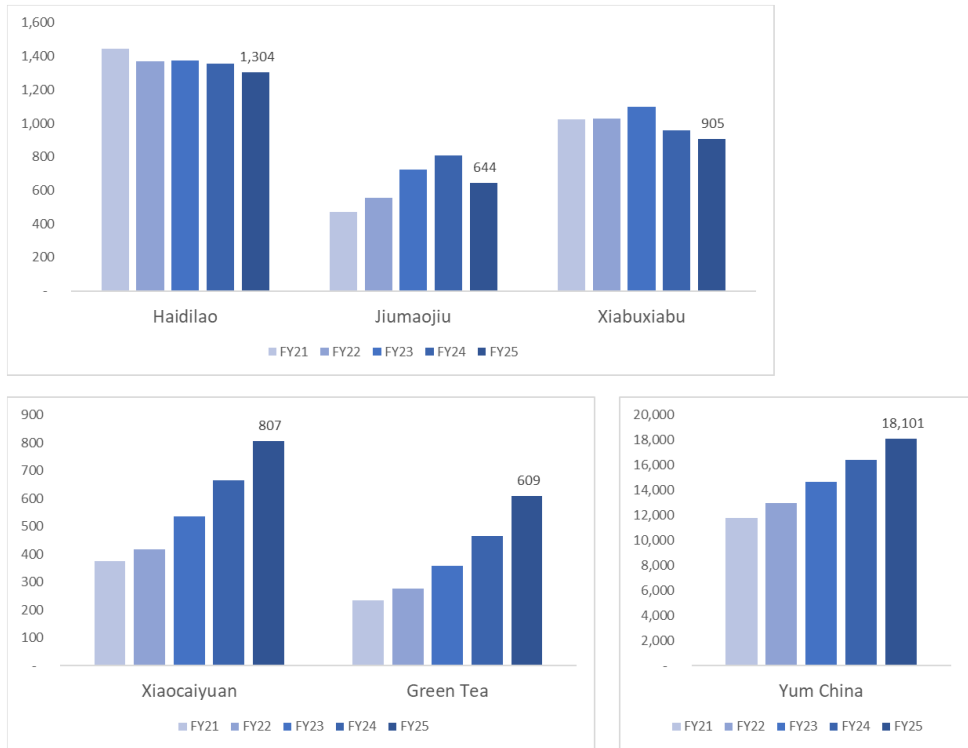
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.830	0.848	158.810	0.778	6.817
HKD	0.128		0.108	20.283	9.941	0.871
EUR	1.179	9.231		187.220	1.090	8.031
JPY	0.006	4.930	0.534		0.490	0.043
CHF	1.285	10.060	1.090	204.047		8.759
RMB	0.147	1.149	0.125	23.311	0.114	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland		83
Italy		139
Portugal		207
Spain		108
VIX		18

Source: Bloomberg

By contrast, leisure dining brands (Green Tea, XCY) and fast-food chains (KFC, Pizza Hut, and Domino’s Pizza operated by Yum China) are accelerating store expansion to achieve further economies of scale and penetrate lower-tier cities (second-tier and below).

Fig2: Number of stores for Hot Pot brands, Leisure dining brands and Fast-food brand



Source: Company Data, Sunwah Kingsway Research

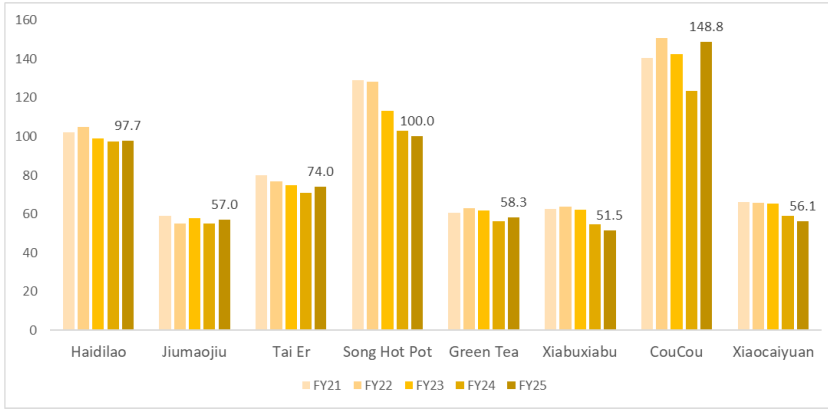
Stable average selling price (ASP), while turnover rate declined – ASP showed signs of bottoming out. Most players, including HDL, JMJ and Green Tea, recorded robust YoY ASP growth. XBBX’s sub-brand Coucou also saw a significant ASP rebound. In contrast, XCYX experienced a LDD YoY decline in ASP due to menu adjustments.

Despite a low base in the prior period, turnover rates for catering sector continued to decline in FY25, primarily due to softer customer traffic caused by food delivery price wars. As delivery pricing normalizes, turnover rates are expected to rebound.

Our view: Leisure brands such as Green Tea and XCY are leading the catering market and continuing to gain momentum, while Hot Pot brands are still undergoing store adjustments to improve operational efficiency. The catering market is showing early signs of recovery, with China’s catering revenue rising 4.2% YoY in 1Q26, as seasonal offerings and outdoor dining trends helped support consumer spending. That said, constant changes in consumer preferences and fierce market competition from ongoing store expansions both add uncertainty.

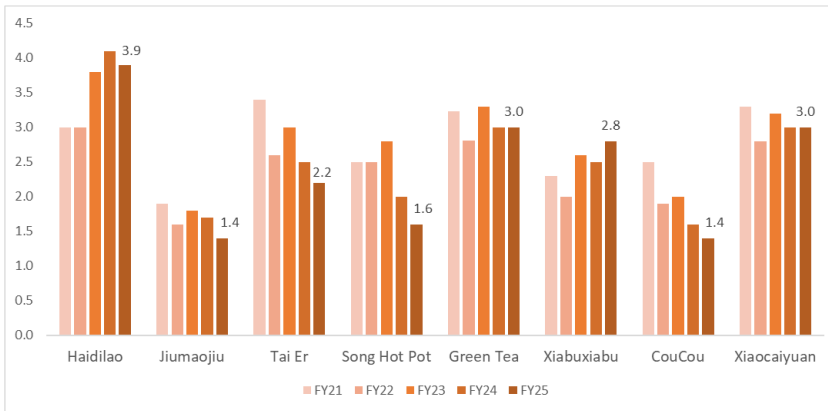
We favor Green Tea and XCY, which are trading at 7.4x and 9.4x FY26E P/E, respectively. On the other hand, HDL, JMJ, XBBX and Yum China are trading at 15.9x/11.5x/N/A/16.8x FY26E P/E, respectively.

Fig3: Average spending per guest (RMB)



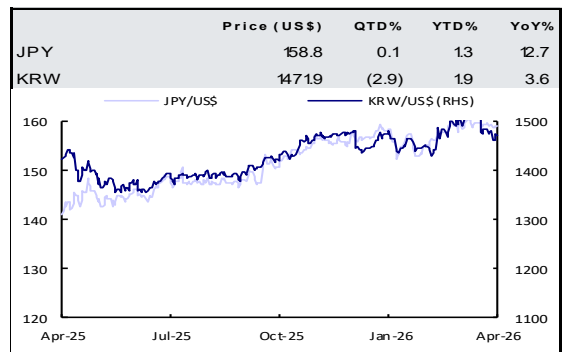
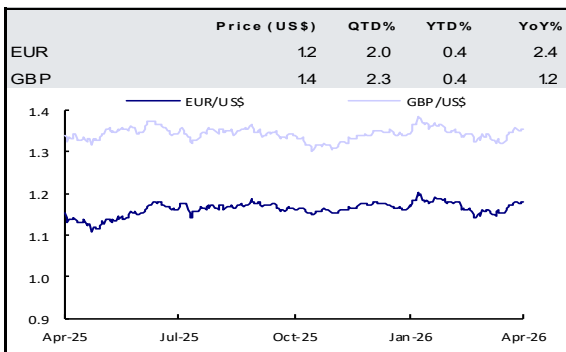
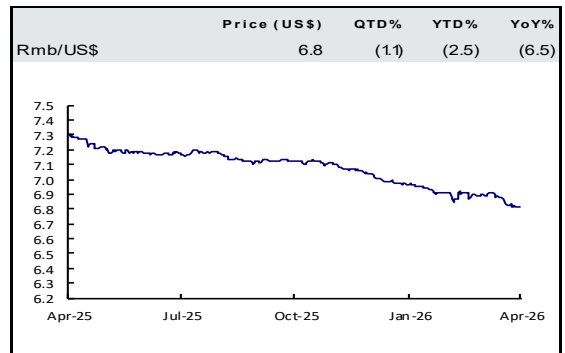
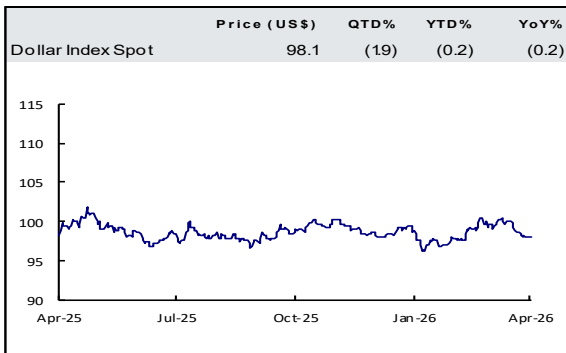
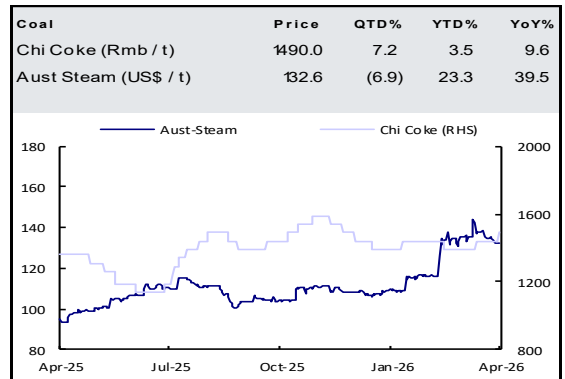
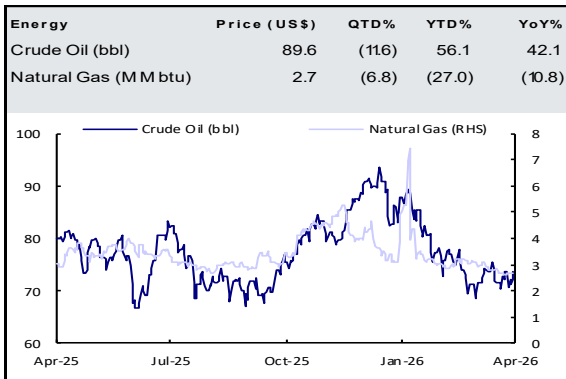
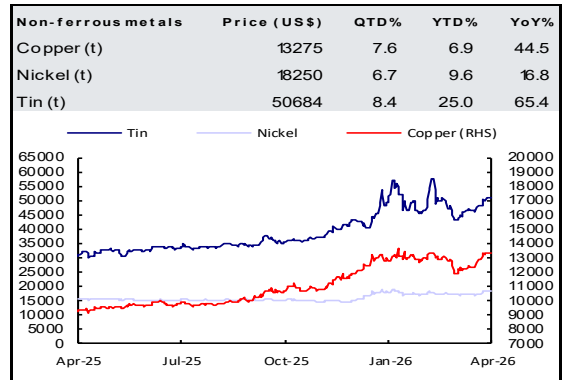
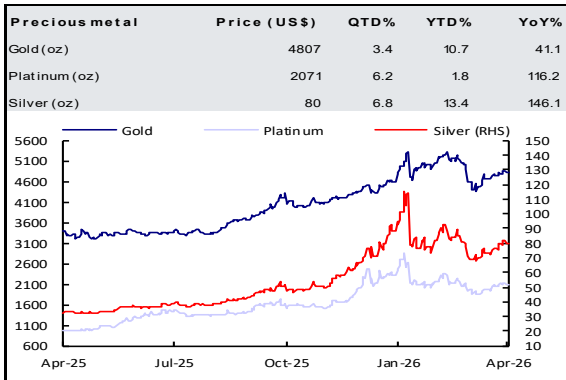
*Data not available for Yum China
Source: Company Data, Sunwah Kingsway Research

Fig4: Table turnover rate (times/day)



*Data not available for Yum China
Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Business Inventories	MoM		21-Apr-26
Initial Jobless Claims	WoW		23-Apr-26
Wholesale Inventories	MoM		29-Apr-26
Housing Starts / Building Permits	MoM		29-Apr-26
Factory Orders	MoM		4-May-26
New home Sales	MoM		5-May-26
Existing Home Sales	MoM		11-May-26
PPI	MoM		13-May-26
Industrial Production	MoM		15-May-26
ISM Manufacturing PMI	MoM		1-May-26
Personal Income & Spending	MoM		30-Apr-26
Durable Goods Orders	MoM		29-Apr-26
Trade Balance	MoM		5-May-26
Employment Report	MoM		8-May-26
CPI	MoM		12-May-26
Retail Sales	MoM		21-Apr-26
GDP	QoQ		30-Apr-26
Consumer Confidence	MoM		28-Apr-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Apr-26
Foreign Exchange Reserves	QoQ		7-May-26
Money Supply - M2	MoM		9-May-26
Trade Balance	MoM		9-May-26
PPI	MoM		11-May-26
CPI	MoM		11-May-26
Retail Sales	MoM		18-May-26
Industrial Production	MoM		18-May-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		23-Apr-26
CPI	MoM		23-Apr-26
Trade Balance	MoM		28-Apr-26
Money Supply - M2	MoM		30-Apr-26
GDP	QoQ		5-May-26
Retail Sales	MoM		6-May-26
PMI	MoM		6-May-26
Foreign Currency Reserve	MoM		7-May-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Composite Interest Rate	MoM		

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