

What's Hot Today:

► **Weilong Delicious (9985 HK, HK\$13.30, HK\$32bn) Konjac Shuang maintained strong momentum in 1H25**

1H25 NP beat. Weilong is a household brand for spicy snack food in China. It reported a strong set of 1H25 results, with revenue up by 19% YoY to RMB3.5bn. Net profit also up by 18% YoY to RMB733mn. Revenue was largely inline while net profit beat expectations by 7%. GPM narrowed by 2.6ppts YoY to 47.2%, mainly dragged by higher raw materials' costs in Vegetable segment. Thanks to stricter costs control, the proportion to revenue of S&M/Admin expenses dropped by 1ppts/2.5ppts YoY, respectively. Hence, NPM stayed flat at 21%. The company declared an interim dividend of RMB0.18 per share, for a payout ratio of 58%.

Vegetable product remained the key driver. Since 2H23, Vegetable segment has been sustaining a HDD YoY growth, supported by strong demand for its flagship product Konjac Shuang (魔芋爽) and higher production capacity. The Mgt highlighted significant potential for the newly launched sesame paste-flavored Konjac Shuang. Performance of the Seasoned Flour segment was largely stable, while Bean-based Products underperformed as the company continued to reduce the segment's product SKUs and redistribute the resources into Vegetable segment. Revenue of Vegetable/ Seasoned Flour/ Bean-based segment stood at RMB2,108/1,309/64mn, +44%/-3%/-48% YoY, to account for about 61%/38%/1% of total revenue, respectively.

China & HK Indices		CLOSE	1D	YTD		
HSI		25,270	-1.0%	26.0%		
HSCBI		9,039	-1.0%	24.0%		
HSCCI		4,391	-0.2%	16.2%		
CSI300		4,202	0.7%	6.8%		
Shanghai A		3,875	0.8%	-0.0%		
Shanghai B		267	0.7%	-0.0%		
Shenzhen A		2,406	1.7%	17.6%		
Shenzhen B		1,321	0.7%	8.9%		
Key Int'l Indices		CLOSE	1D	YTD		
Dow Jones		44,946	0.1%	5.6%		
S&P 500		6,449	-0.3%	9.7%		
Nasdaq		21,622	-0.4%	12.0%		
NIKKEI Index		43,528	0.3%	9.1%		
FTSE Index		9,138	-0.4%	11.8%		
CAC Index		7,923	0.7%	7.4%		
DAX Index		24,359	-0.1%	22.4%		
Commodities		CLOSE	1D	YTD		
GOLD	(US\$/oz.)	3,336	0.0%	27.3%		
STEEL	(US\$/oz.)	2,087	-2.8%	16.9%		
SILVER	(US\$/oz.)	38	-0.0%	31.7%		
CRUDE OIL	(US\$/bbl)	62	-1.8%	-12.5%		
COPPER	(US\$/oz.)	9,773	-0.3%	11.5%		
ALUMINIUM	(US\$/oz.)	2,607	-0.3%	2.2%		
PLATINUM	(US\$/oz)	1,341	-1.3%	48.4%		
ZINC	(US\$/oz.)	2,795	-1.2%	-6.2%		
WHEAT	(US\$/bu)	506	0.6%	-8.5%		
CORN	(US\$/bu)	405	2.0%	-9.4%		
SUGAR	(US\$/lb)	N/A	N/A			
SOYBEAN	(US\$/bu)	1,042	1.4%	1.2%		
PVC	(US\$/t.)	N/A	N/A	-10.1%		
CRB		295	0.2%	3.0%		
BDI				105.0%		
Exchange Rates						
	USD	HKD	EUR	JPY	CHF	RMB
USD		7.824	0.855	147.190	0.807	7.184
HKD	0.128		0.109	18.815	10.310	0.918
EUR	1.170	9.157		172.180	1.059	8.407
JPY	0.007	5.316	0.580		0.548	0.049
CHF	1.239	9.699	1.059	182.487		8.909
RMB	0.139	1.089	0.119	20.492	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			15		-0.4%	
Source: Bloomberg						

Source: Bloomberg

Fig 1: Weilong's 1H25 results

	1H24		1H25			Results comments
	RMB mn	% of Rev	RMB mn	% of Rev	YoY Chg	
Revenue	2,939		3,483		19%	Vegetable+44%, Seasoned Flour-3%, Bean-Based-48%
Cost of sales	(1,476)		(1,841)		25%	
Gross profit	1,462	49.8%	1,642	47.2%	12%	Higher raw material cost of Vegetable products
Selling and distribution expenses	(475)	-16.2%	(527)	-15.1%	11%	S&M ratio-1ppts
Administrative expenses	(242)	-8.2%	(201)	-5.8%	-17%	Admin. ratio-2.5ppts
Operating profit	785	26.7%	949	27.2%	21%	
Finance costs	88		80		-9%	
Profit before income taxes	873		1,028		18%	
Income tax expense	(251)		(292)		16%	
Net profit	621	21.1%	733	21.0%	18%	Strict cost control
Revenue Breakdown						
Vegetable	1,461	49.7%	2,109	60.5%	44%	Strong demand of Konjac Shuang and improved capacity
Seasoned Flour	1,354	46.1%	1,310	37.6%	-3%	
Bean-Based	124	4.2%	64	1.8%	-48%	The company optimizes the product SKUs

Source: Company Data, Sunwah Kingsway Research

Diversified marketing initiatives to attract young customers. During the period, offline/online revenue amounted to RMB3,147/335mn, +22/-4% YoY, respectively. As of June 30, 2025, Weilong had a network of 1,777 offline distributors covering major supermarkets, snack chains, and convenience stores. Notably, the company had successfully entered Sam’s Club in July 2025. Meanwhile, Weilong is partnering with major brands such as KFC and LINLEE (林里) to roll out a series of co-branded activities for boosting brand recognition. In terms of online channel, Weilong has established strong presence on traditional e-commerce platforms like Tmall, JD.com and PDD. It is also expanding into emerging channels such as Douyin and WeChat to enhance its penetration among the young generation.

Our view: Driven by the strong demand of the Konjac Shuang products and its dominant market position in the solid spicy snack segment, the company is expected to maintain robust momentum in the near term. Although its profitability faces challenges from rising raw material cost, the company is expected to deliver steady profit backed by higher supply chain efficiency and strict expense control. The counter is trading at 21x FY25E P/E comparing favorably with Want Want China (14x FY25E P/E) as it has been demonstrating a better growth story. (Ensley LIU)

Fig 2: Weilong flagship products



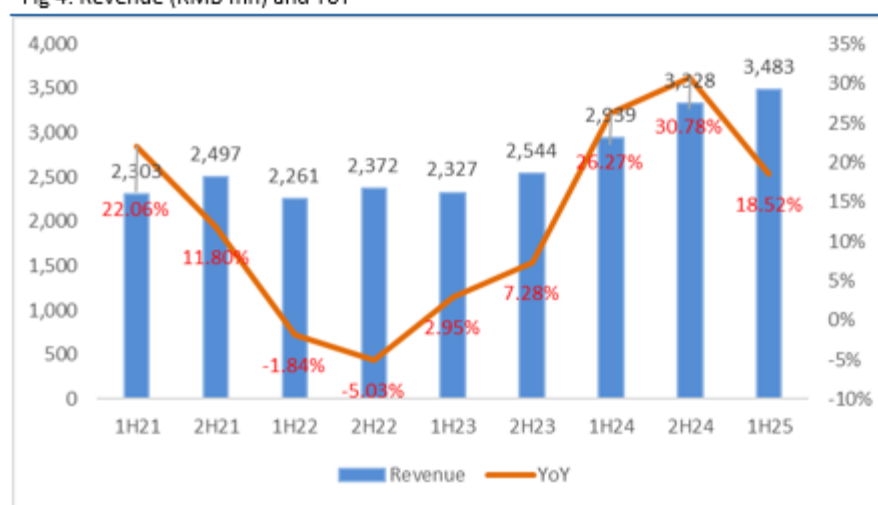
Source: Company Data, Sunwah Kingsway Research

Fig 3: Revenue Breakdown

	1H21	2H21	1H22	2H22	1H23	2H23	1H24	2H24	1H25
Seasoned Flour Products									
Revenue(RMB mn)	1,401.13	1,518.91	1,341.42	1,377.19	1,288.89	1,280.35	1,353.83	1,313.28	1,309.98
As % of Revenue	81%	81%	59%	58%	55%	50%	48%	39%	38%
Gross Profit	404.20	552.77	487.01	617.43	584.87	585.10	647.80	617.73	633.45
Gross Margin (%)	35%	38%	35%	45%	45%	48%	47.85%	47.04%	48.38%
Vegetable Products(RMB mn)									
Revenue	792.98	871.18	817.82	875.72	933.20	1,185.32	1,461.28	1,909.30	2,105.79
As % of Revenue	34%	35%	38%	37%	40%	47%	50%	57%	61%
Gross Profit	311.24	352.17	353.98	439.82	482.78	803.28	788.34	900.93	981.78
Gross Margin (%)	39%	40%	43%	50%	52%	51%	52.58%	47.19%	46.58%
Bread-based & Other Products(RMB mn)									
Revenue	108.75	109.29	101.48	118.79	105.19	98.71	123.57	105.13	84.19
As % of Revenue	5%	4%	4%	5%	5%	4%	4%	3%	2%
Gross Profit	44.27	38.40	40.97	41.01	38.78	28.12	48.14	35.20	27.19
Gross Margin (%)	41%	35%	40%	35%	37%	28%	37.34%	33.48%	42.38%

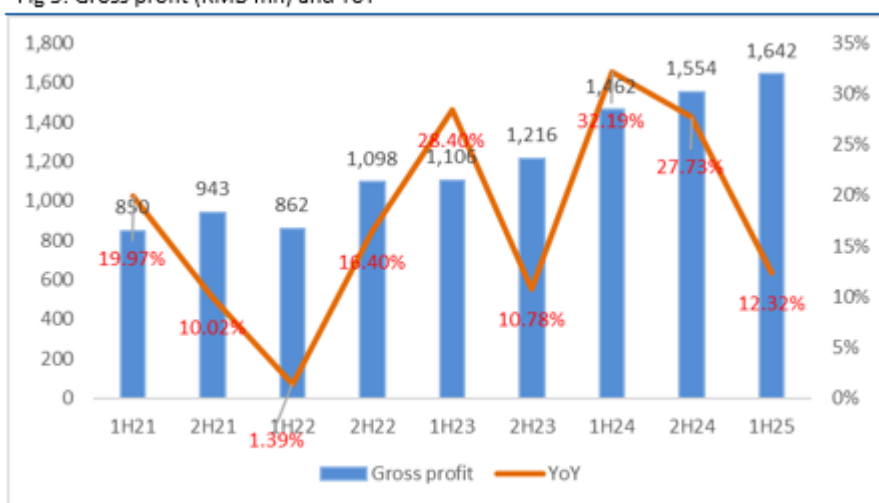
Source: Company Data, Sunwah Kingsway Research

Fig 4: Revenue (RMB'mn) and YoY



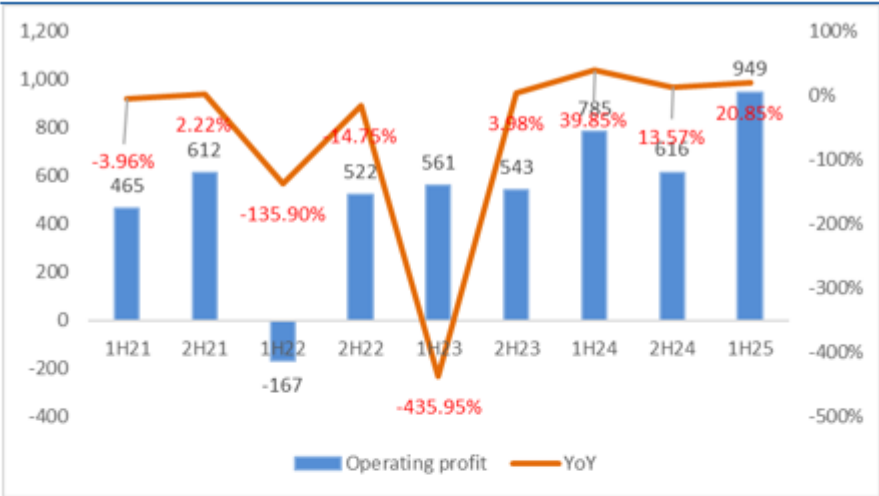
Source: Company Data, Sunwah Kingsway Research

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



Source: Company Data, Sunwah Kingsway Research

Fig 6: Operating profit (RMB'mn) and YoY



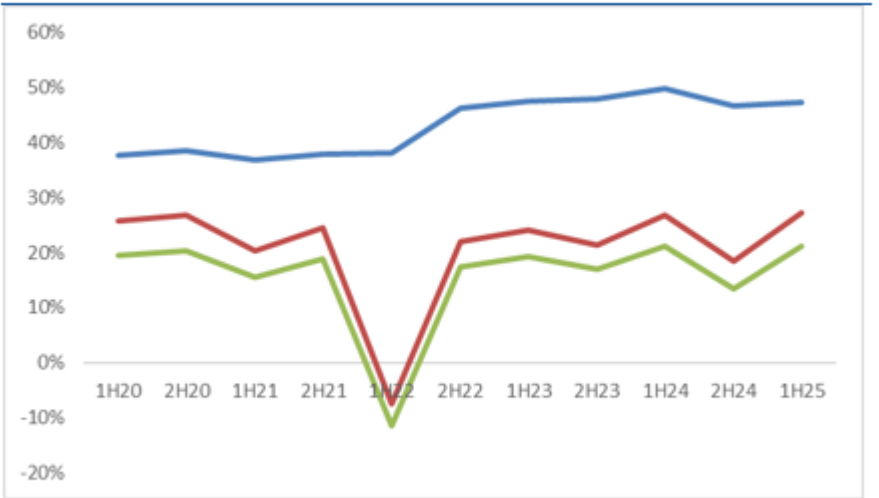
Source: Company Data, Sunwah Kingsway Research

Fig 7: Net profit (RMB'mn) and YoY



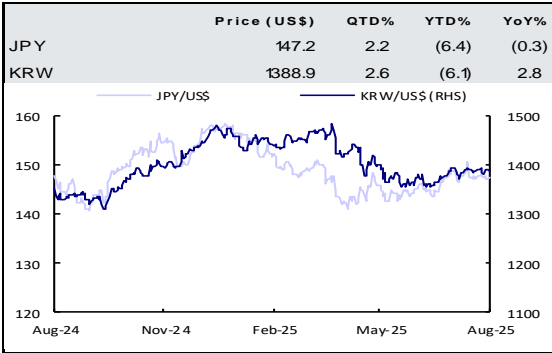
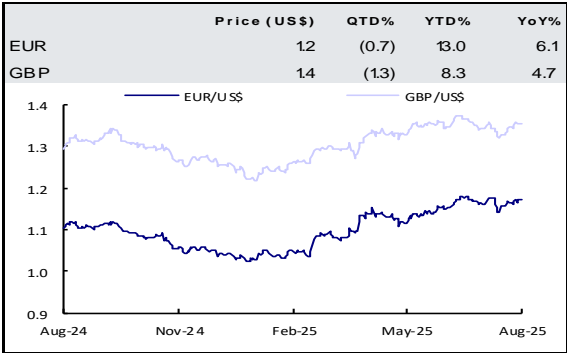
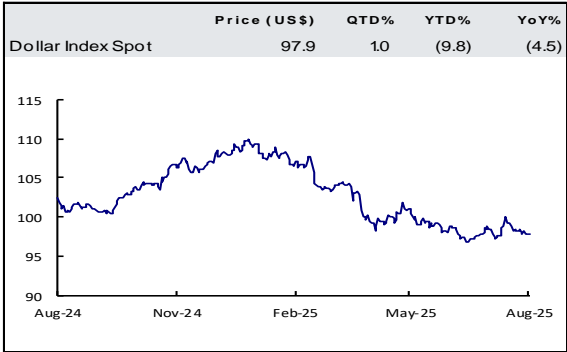
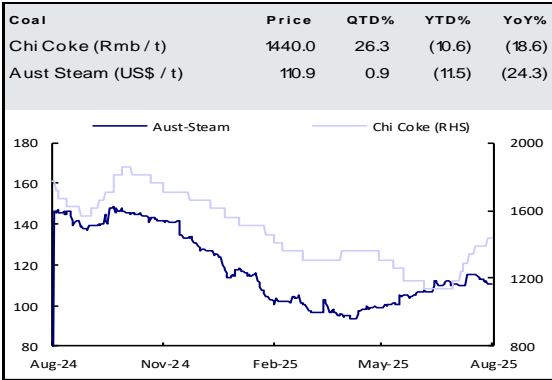
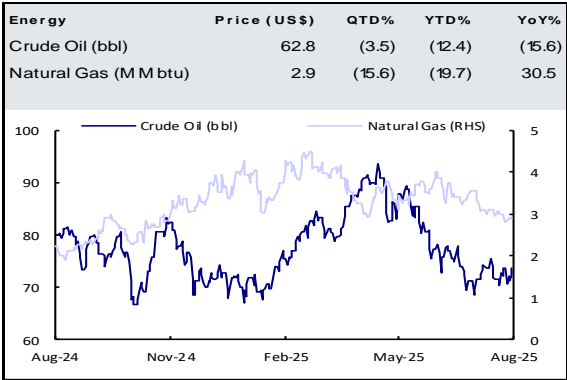
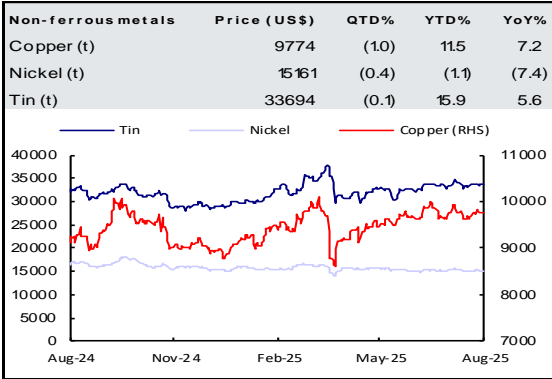
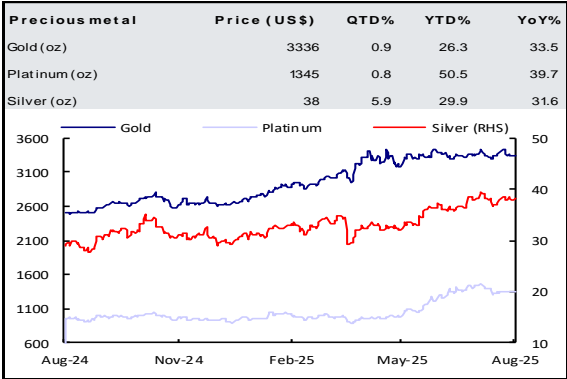
Source: Company Data, Sunwah Kingsway Research

Fig 8: Margins



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Housing Starts / Building Permits	MoM		19-Aug-25
Initial Jobless Claims	WoW		21-Aug-25
Existing Home Sales	MoM		21-Aug-25
New home Sales	MoM		25-Aug-25
Durable Goods Orders	MoM		26-Aug-25
Consumer Confidence	MoM		26-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
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
Unemployment Rate	MoM		19-Aug-25
CPI	MoM		21-Aug-25
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
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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