

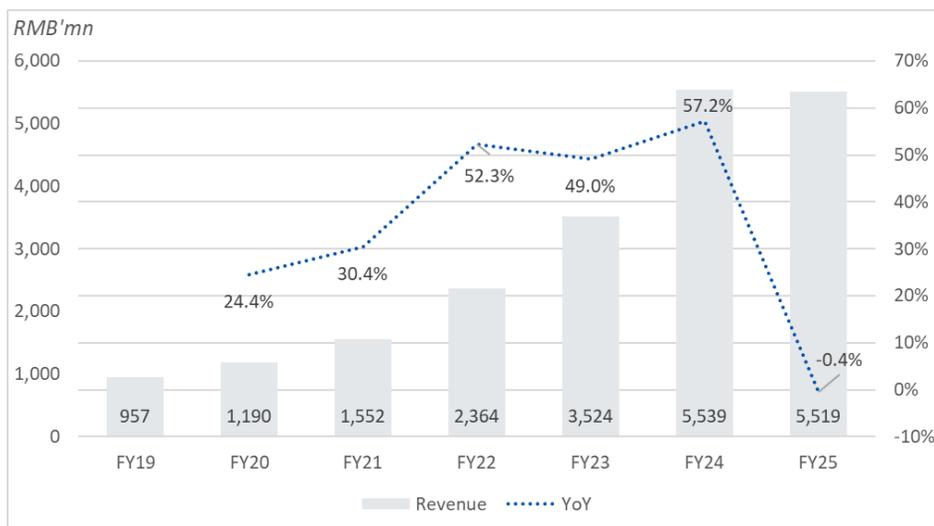
What's Hot Today:

► Giant Biogene (2367 HK, HK\$30.86, HK\$33.0bn) – FY25 results missed as growth stalled

Giant Biogene, a China-based developer and seller of skin treatment products, reported FY25 revenue of RMB5.52bn, largely flat YoY (-0.4%), and operating profit of RMB2.35bn, down 4.4% YoY. Both metrics missed market consensus by over 10%. The weak performance reflects intensified industry competition and brand crisis disruptions weighing on topline. Online DTC sales declined 5.2% YoY, partially offset by robust growth in platform-based and offline direct sales. A final dividend of RMB0.539 per share and a special dividend of RMB0.6714 per share have been declared, implying a payout ratio of 68% and a 4.45% yield.

Margin continues narrowing – GPM and OPM contracted for the fourth consecutive year, with OPM nearly halved from its peak of 81.8% in FY20. GPM declined 180bps YoY to 80.3%, and OPM fell 180bps to 42.6%. The margin erosion was primarily driven by increased in sales expenses (+9.4% YoY) as the company increased brand investments amid competition, as well as product mix shift towards lower-margin functional skincare. Looking ahead, margin compression is expected to ease in FY26 as Mgt prioritizes returning to growth, with revenue rebound potentially improving profitability, though increased marketing spending may partially offset short-term margin gains.

Fig 1: Revenue and YoY Change



Source: Company Data, Sunwah Kingsway Research

Medical aesthetics pipeline has yet to contribute – The approval of two Class III recombinant collagen injectables (Oct 2025 and Jan 2026) marks a key milestone, but meaningful revenue contribution is unlikely in the short term, given the gradual pace of hospital penetration (targeting 2,000 hospitals by end-2026) and reference to industry peers' commercialization path.

China & HK Indices	CLOSE	1D	YTD
HSI	25,500	-2.0%	-0.5%
HSCXI	8,695	-1.6%	-2.4%
HSCCI	4,240	-1.4%	5.6%
CSI300	4,583	-1.6%	-1.0%
Shanghai A	4,201	-1.4%	3.9%
Shanghai B	263	-0.5%	3.9%
Shenzhen A	2,741	-2.3%	3.5%
Shenzhen B	1,223	-1.1%	-3.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	46,021	-0.4%	-4.2%
S&P500	6,606	-0.3%	-3.5%
Nasdaq	22,090	-0.3%	-5.0%
NIKKEI Index	53,372	-3.4%	6.0%
FTSE Index	10,063	-2.3%	1.3%
CAC Index	7,807	-2.0%	-4.2%
DAX Index	22,839	-2.8%	-6.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,650	-3.5%	7.8%
STEEL (US\$/oz.)	2,636	-1.9%	3.7%
SILVER (US\$/oz.)	72	-3.4%	1.7%
CRUDE OIL (US\$/bbl)	96	-0.2%	64.8%
COPPER (US\$/oz.)	12,146	-4.9%	-2.2%
ALUMINIUM (US\$/oz.)	3,252	-4.3%	8.6%
PLATINUM (US\$/oz.)	1,973	-2.5%	-4.4%
ZINC (US\$/oz.)	3,071	-4.8%	-1.5%
WHEAT (US\$/bu)	608	0.6%	20.1%
CORN (US\$/bu)	469	1.4%	4.5%
SUGAR (US\$/lb)	152	20.4%	
SOYBEAN (US\$/bu)	1,168	0.6%	10.5%
PVC (US\$/t)	5,923	1.5%	40.0%
CRB	364	-0.1%	3.0%
BDI			10.0%

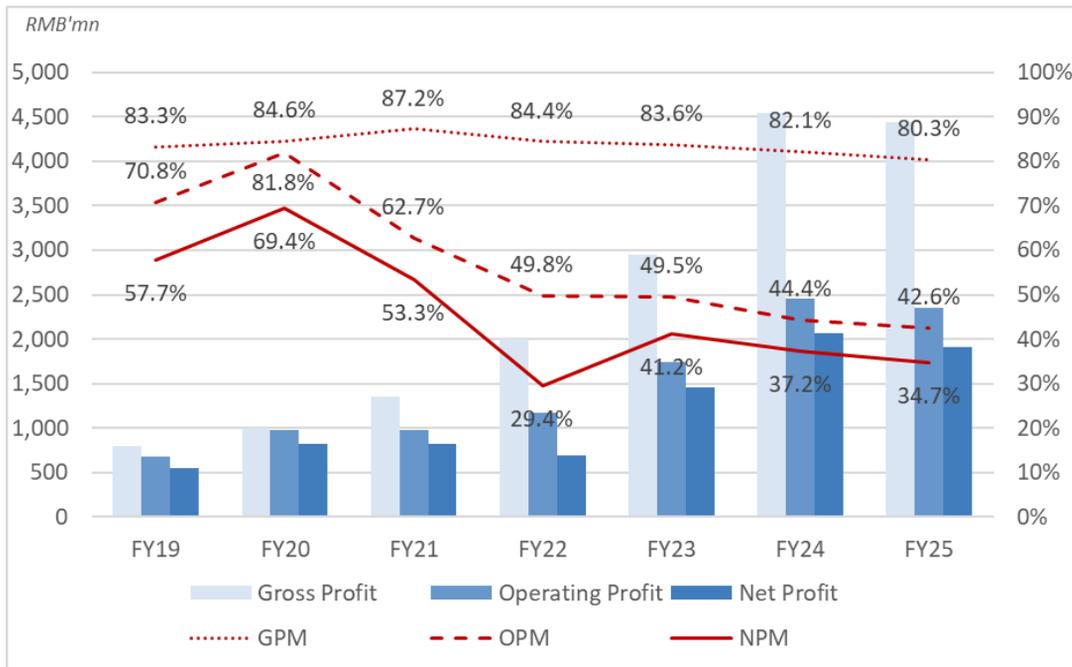
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.834	0.863	157.730	0.788	6.891
HKD	0.128		0.110	20.133	10.061	0.880
EUR	1.159	9.078		182.800	1.095	7.981
JPY	0.006	4.967	0.547		0.500	0.044
CHF	1.269	9.940	1.095	200.138		8.747
RMB	0.145	1.137	0.125	22.886	0.114	

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	24	-11.8%

Source: Bloomberg

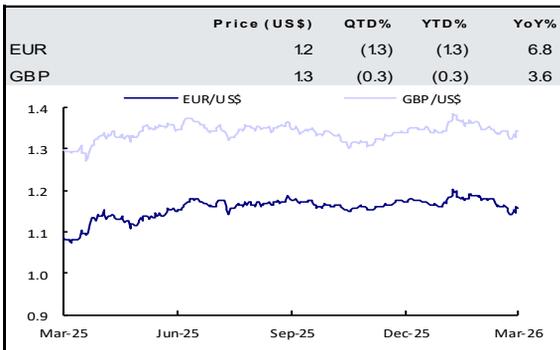
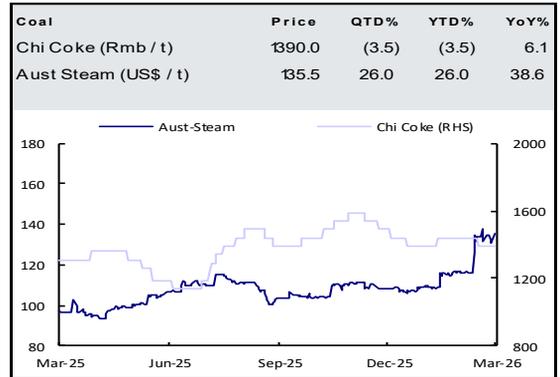
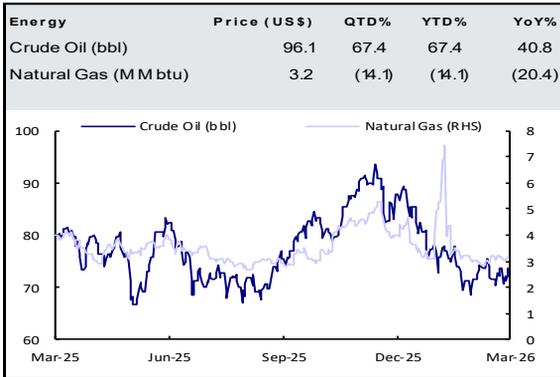
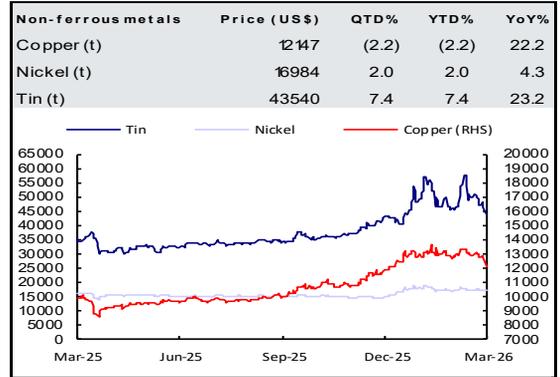
Our view – Giant Biogene's FY25 results were weighed down by intensifying competition, brand crisis disruptions, and ongoing margin erosion. Looking ahead, a gradually recovering consumption environment provides supportive macro tailwinds, as Jan and Feb 2026 Chinese cosmetics retail sales grew 4.5% YoY, while online food and apparel categories surged over 18%. The company's new products in pipeline (four "S-grade" new products, two recently approved Class III injectables) can be new growth catalysts. The company had a net cash position of RMB6.3bn, representing about 19% of market cap. The counter is currently trading at 13.0x FY26E P/E. (Research Department)

Fig 2: Profit and Margin



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		19-Mar-26
Wholesale Inventories	MoM		19-Mar-26
Factory Orders	MoM		10-Apr-26
Existing Home Sales	MoM		13-Apr-26
PPI	MoM		14-Apr-26
Industrial Production	MoM		16-Apr-26
Housing Starts / Building Permits	MoM		29-Apr-26
ISM Manufacturing PMI	MoM		1-Apr-26
Personal Income & Spending	MoM		9-Apr-26
Durable Goods Orders	MoM		7-Apr-26
Trade Balance	MoM		2-Apr-26
Employment Report	MoM		3-Apr-26
CPI	MoM		10-Apr-26
Retail Sales	MoM		1-Apr-26
GDP	QoQ		9-Apr-26
Consumer Confidence	MoM		31-Mar-26
New home Sales	MoM		19-Mar-26
Business Inventories	MoM		1-Apr-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Mar-26
Foreign Exchange Reserves	QoQ		7-Apr-26
Money Supply - M2	MoM		9-Apr-26
PPI	MoM		10-Apr-26
CPI	MoM		10-Apr-26
Trade Balance	MoM		14-Apr-26
Retail Sales	MoM		16-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	YoY		16-Apr-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		20-Mar-26
Trade Balance	MoM		26-Mar-26
Money Supply - M2	MoM		31-Mar-26
Retail Sales	MoM		1-Apr-26
PMI	MoM		8-Apr-26
Foreign Currency Reserve	MoM		9-Apr-26
Unemployment Rate	MoM		23-Apr-26
GDP	QoQ		5-May-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Composite Interest Rate	MoM		

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