

What's Hot Today:

► Consun Pharma (1681 HK, HK\$14.99, HK\$12.6bn) - Sustainable growth with kidney medicines leading the industry

Consun Pharma is a China-based pharmaceutical company focusing on kidney medicine. Its core product Uremic Clearance Granules (UCG) is a leader in the modern Chinese medicine for nephropathy contributing over 60% of total revenue. The stock was included in the Southbound Stock Connect in March, which is expected to bring incremental capital inflows.

Sustainable double-digit growth is expected – In FY25, revenue stood at RMB2.97bn with an operating profit of RMB1.05bn, growing by 15.2% and 15.1% respectively and well above market expectations. The company has achieved continuous double-digit growth in both top-line and bottom-line, with a revenue CAGR of 16.1% and a net profit CAGR of 17.7% since its listing in 2013. Given its dominant position in China's kidney medicine market, the Mgt is confident that top-line growth will maintain double digits for at least the next two to three years, while margins remain robust.

UCG has established a high entry barrier – UCG has been ranked first in China's modern oral Chinese patent medicine for kidney diseases for years. The medicine is proven to be effective in delaying the onset of kidney failure and avoid the need for dialysis. In terms of annual patient expenses, UCG costs approximately RMB7k, compared with over RMB50k for dialysis. UCG also enjoys strong recognition among end customers (hospitals and doctors), and only six provinces have yet to include it in the centralized procurement list. The Mgt expects future sales from UCG Granules to reach RMB3-5bn from more than 50mn kidney failure patients in China.

New earnings drivers emerged – The company also achieved MSD to double-digit revenue growth across several other segments, including medical contrast media, gynaecology and paediatrics medicines, as well as from Yulin Pharmaceutical. In addition, newly approved products such as Roxadustat Capsules and Empagliflozin Tablets have further enriched the commercial portfolio. The company reached a milestone in its innovative drug pipeline, with SK-08 and SK-09 receiving FDA Investigational New Drug (IND) clearance. SK-09 has initiated a Phase I clinical trial in Australia. Furthermore, the company has successfully established and applied a multi-modal fusion AIDD (Artificial Intelligence-Assisted Drug Design) platform, which is expected to enhance new drug R&D efficiency.

China & HK Indices	CLOSE	1D	YTD
HSI	25,962	-1.6%	1.3%
HSCEI	8,691	-1.9%	-2.5%
HSCCI	4,535	-0.8%	12.9%
CSI300	4,859	-1.1%	5.0%
Shanghai A	4,336	-1.0%	14.0%
Shanghai B	289	0.4%	14.0%
Shenzhen A	2,994	-0.9%	13.1%
Shenzhen B	1,141	-0.1%	-9.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,526	-1.1%	3.0%
S&P500	7,408	-1.2%	8.2%
Nasdaq	26,225	-1.5%	12.8%
NIKKEI Index	61,039	-0.6%	21.3%
FTSE Index	10,195	-1.7%	2.7%
CAC Index	7,952	-1.6%	-2.4%
DAX Index	23,950	-2.1%	-2.2%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,540	-2.4%	4.1%
STEEL (US\$/oz.)	3,124	-4.0%	22.8%
SILVER (US\$/oz.)	75	-9.0%	4.0%
CRUDE OIL (US\$/bbl)	105	4.2%	86.5%
COPPER (US\$/oz.)	13,555	-4.2%	9.1%
ALUMINIUM (US\$/oz.)	3,563	-2.5%	18.9%
PLATINUM (US\$/oz.)	1,982	-3.9%	-4.3%
ZINC (US\$/oz.)	3,534	0.2%	13.4%
WHEAT (US\$/bu)	635	-1.7%	28.6%
CORN (US\$/bu)	455	-2.5%	2.5%
SUGAR (US\$/lb)	122	5.4%	
SOYBEAN (US\$/bu)	1,177	-1.3%	11.0%
PVC (US\$/t)	5,075	-1.4%	58.3%
CRB	399	-1.3%	3.0%
BDI		-1.2%	67.9%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.831	0.860	158.740	0.787	6.813
HKD	0.128		0.110	20.275	10.049	0.870
EUR	1.163	9.103		184.540	1.093	7.917
JPY	0.006	4.932	0.542		0.496	0.043
CHF	1.271	9.952	1.093	201.742		8.657
RMB	0.147	1.149	0.126	23.297	0.116	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	18	7.2%

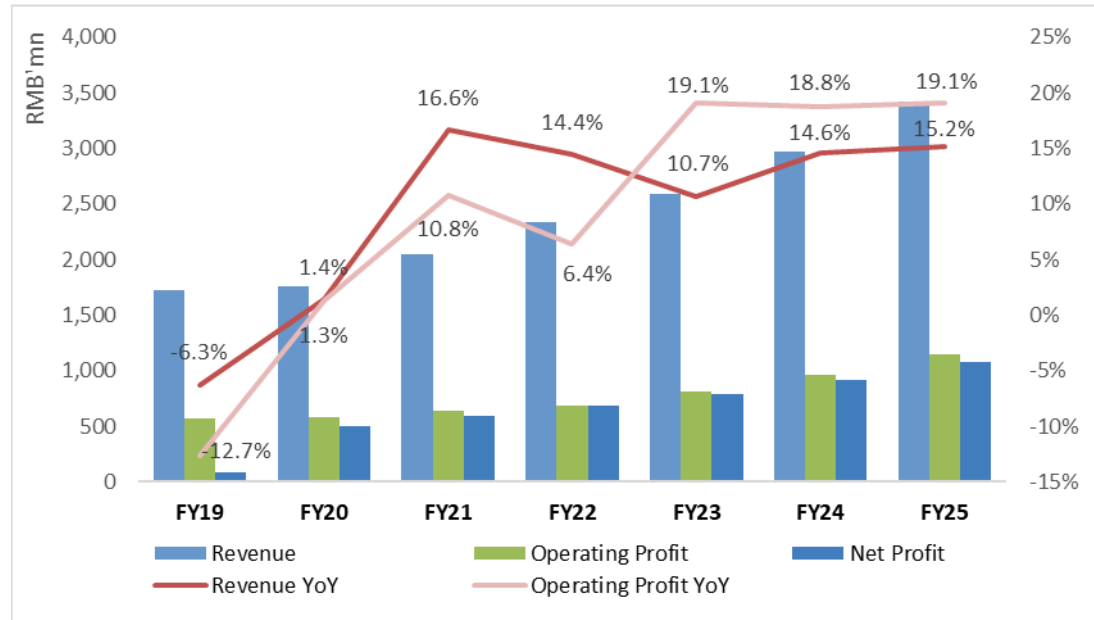
Source: Bloomberg

Our view:

Consun has delivered high-quality growth in FY25, primarily driven by strong volume expansion and successful overseas expansion of UCG. Other business lines also demonstrated synergistic improvement, and R&D pipelines had progressed steadily.

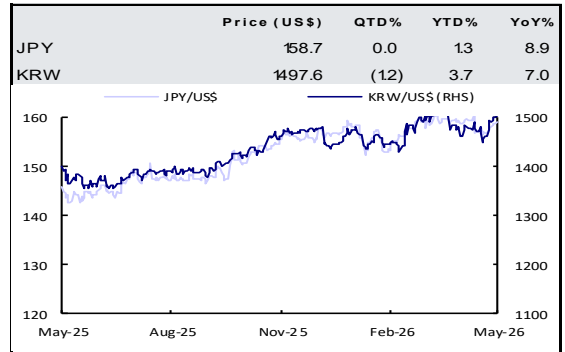
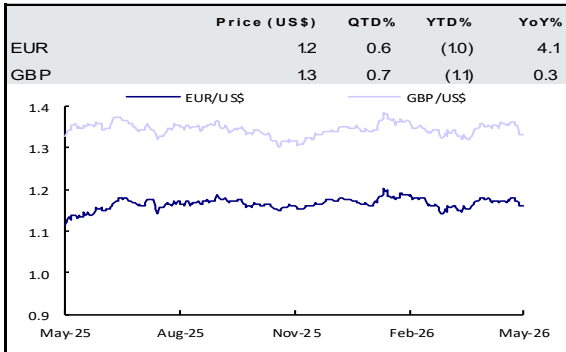
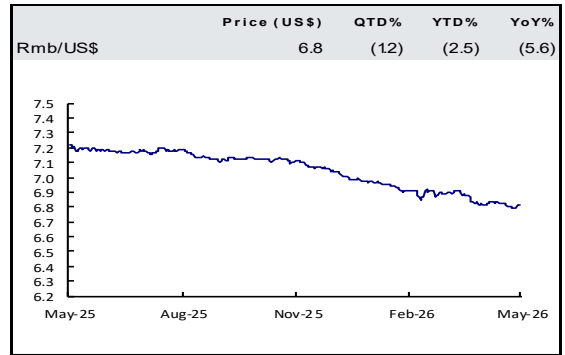
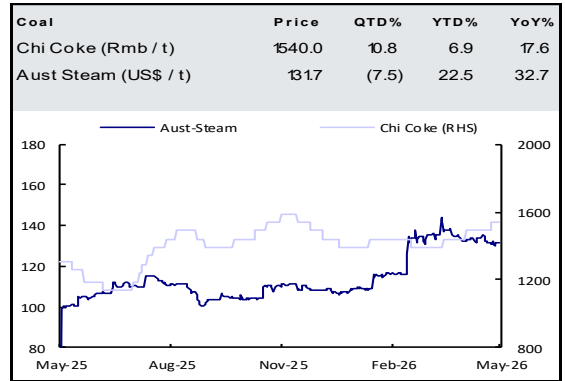
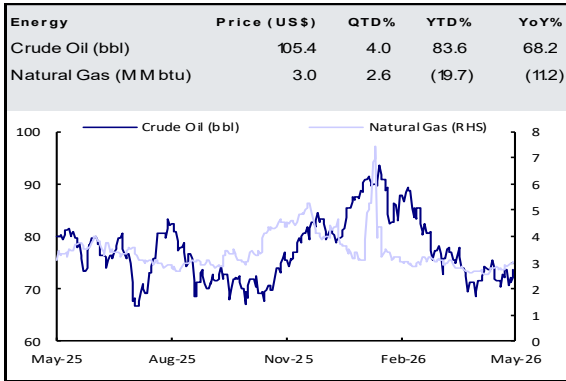
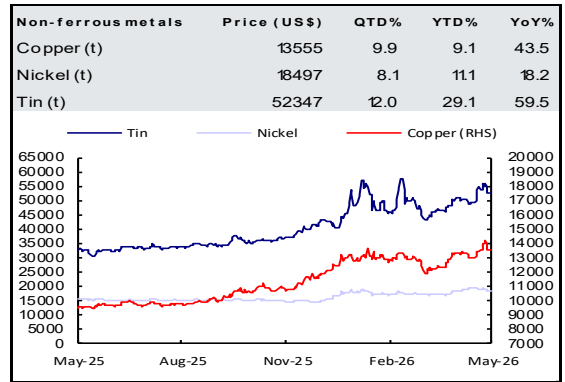
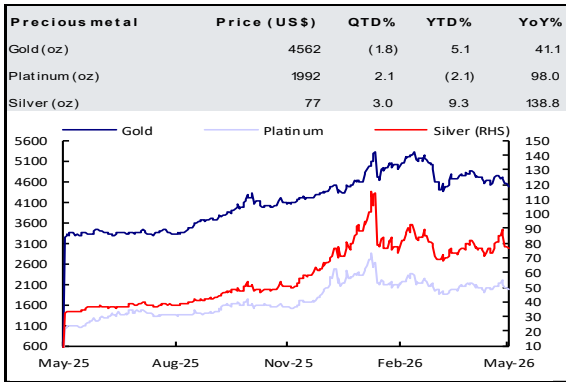
A high payout ratio combined with active share buybacks underscores management’s confidence in the sustainability of performance. The payout ratio has increased to ~50% since 2023, and the Mgt has indicated that it will continue with a generous dividend policy. Approximately RMB100mn has yet been deployed under the current share buyback program. The Mgt also expressed confidence in achieving revenue of RMB5bn by 2028. The company held approximately RMB4.38bn of cash in hand (~35% of market cap), which will be used for R&D and business development, including M&A. The counter is trading at 9.1x FY26 PE and an expected yield of 4.2%. (Research Department)

Fig1: Revenue and margin YoY



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		21-May-26
Housing Starts / Building Permits	MoM		21-May-26
Wholesale Inventories	MoM		29-May-26
Factory Orders	MoM		3-Jun-26
Existing Home Sales	MoM		9-Jun-26
PPI	MoM		11-Jun-26
Industrial Production	MoM		15-Jun-26
ISM Manufacturing PMI	MoM		1-Jun-26
Personal Income & Spending	MoM		28-May-26
Durable Goods Orders	MoM		28-May-26
Trade Balance	MoM		9-Jun-26
Employment Report	MoM		5-Jun-26
CPI	MoM		10-Jun-26
Retail Sales	MoM		17-Jun-26
GDP	QoQ		28-May-26
Consumer Confidence	MoM		26-May-26
New home Sales	MoM		28-May-26
Business Inventories	MoM		17-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		18-May-26
Industrial Production	MoM		18-May-26
PMI Manufacturing	MoM		31-May-26
Foreign Exchange Reserves	QoQ		7-Jun-26
Money Supply - M2	MoM		9-Jun-26
Trade Balance	MoM		9-Jun-26
PPI	MoM		10-Jun-26
CPI	MoM		10-Jun-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		19-May-26
CPI	MoM		21-May-26
Trade Balance	MoM		28-May-26
Money Supply - M2	MoM		29-May-26
Retail Sales	MoM		2-Jun-26
PMI	MoM		3-Jun-26
Foreign Currency Reserve	MoM		5-Jun-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst
Howard Wong
Alan Li

Email
howard.wong@sunwahkingsway.com
alan.li@sunwahkingsway.com

Phone No.
(852) 2283 7307
(852) 2283 7306

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Head Office

Hong Kong
Kingsway Financial Services Group Limited
7/F, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: 852-2283-7000
Fax: 852-2877-2665

Affiliated & Overseas Offices

Guangdong
廣東新華滙富商業保理有限公司
601-5, Building 3
130 Jiaoxi Road, Nansha District,
Guangzhou, 511455, PRC