

What's Hot Today:

► China's Pet Food Leaders on Diverging Paths

China's pet industry is one of the few consumer sectors showing structural growth, but the basis of competition is changing. The robust demand is supported by demographic shifts and the rise of the companionship economy, as pets increasingly move from functional companions to being family members. The market is no longer driven by growth in pet ownership, but by higher spending per pet. Within the industry, pet food remains the largest category, accounting for about 53.7% of total pet-related spending in 2025. As premiumization accelerates, competition is shifting away from pure manufacturing scale toward brand strength, product upgrading, and channel execution.

Against this backdrop, Gambol Pet and China Pet represent two distinct ways of participating in the same industry.

Gambol (301498 SZ, RMB58.60, RMB23.5bn) is increasingly operating like a branded consumer company, with growth driven by self-owned brands and omnichannel expansion. Total revenue grew from RMB2bn in 2020 to RMB5.24bn in 2024, a four-year CAGR of 27%. 4QFY25 is not yet available, we would dissect year 2020-2024 trend instead. In 2024 most of this revenue comes from pet food (48% snacks and 52% staple food). Within this, revenue from proprietary brands rose from RMB993mn to RMB3.55bn over the same period (a four-year CAGR of 37%), reaching about 68% of total revenue. Its brand portfolio is led by McFudi (mid-range dog & cat) and Fregate (high-end cat food), creating a staggered price-band coverage. It is the only company with two brands in both Tmall's top 10 and Douyin's top 5, supported by a clearer product hierarchy and stronger brand positioning.

China & HK Indices	CLOSE	1D	YTD
HSI	26,487	0.5%	3.3%
HSCEI	8,943	0.5%	0.3%
HSCCI	4,374	0.9%	8.9%
CSI300	4,768	0.2%	3.0%
Shanghai A	4,284	0.1%	6.3%
Shanghai B	269	0.1%	6.3%
Shenzhen A	2,889	-0.0%	9.1%
Shenzhen B	1,189	0.2%	-5.9%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,149	-0.6%	2.3%
S&P 500	7,064	-0.6%	3.2%
Nasdaq	24,259	-0.6%	4.4%
NIKKEI Index	59,400	0.1%	18.0%
FTSE Index	10,498	-1.0%	5.7%
CAC Index	8,235	-1.1%	1.1%
DA-X Index	24,270	-0.6%	-0.9%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,720	-2.1%	9.9%
STEEL (US\$/oz.)	3,057	0.5%	20.2%
SILVER (US\$/oz.)	76	-3.8%	8.1%
CRUDE OIL (US\$/bbl)	89	0.1%	55.6%
COPPER (US\$/oz.)	13,230	-0.9%	6.5%
ALUMINIUM (US\$/oz.)	3,557	-0.2%	18.7%
PLATINUM (US\$/oz.)	2,040	-2.5%	-0.2%
ZINC (US\$/oz.)	3,442	-0.1%	10.4%
WHEAT (US\$/bu)	605	1.3%	18.8%
CORN (US\$/bu)	462	0.4%	1.6%
SUGAR (US\$/lb)	105	6.0%	
SOYBEAN (US\$/bu)	1,190	0.7%	10.8%
PVC (US\$/t)	5,126	0.2%	62.5%
CRB	371	2.5%	3.0%
BDI			40.3%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.830	0.852	159.370	0.781	6.823
HKD	0.128		0.109	20.354	9.971	0.871
EUR	1.174	9.196		187.140	1.091	8.014
JPY	0.006	4.913	0.534		0.490	0.043
CHF	1.281	10.029	1.091	204.104		8.746
RMB	0.147	1.148	0.125	23.361	0.115	

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	19	6.2%

Source: Bloomberg

Fig 1: Gambol Revenue and YoY Change (RMB'bn)

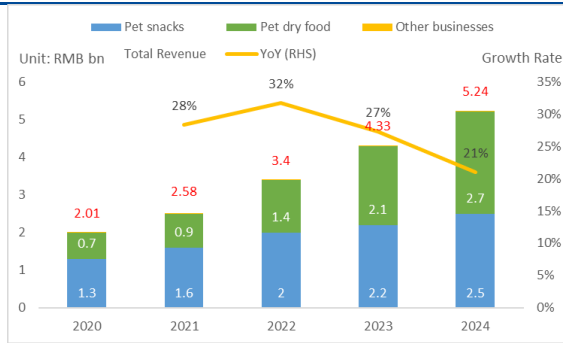
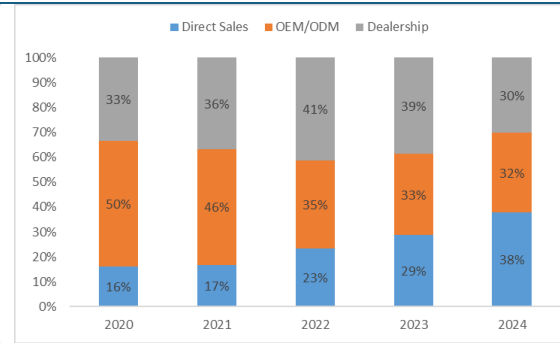


Fig 2: Gambol Sales Model



Source: Company Data, Sunwah Kingsway Research

Yantai China Pet (002891 SZ, RMB42.67, RMB13.8bn), by contrast, still rests on a manufacturing-led foundation, although it is gradually building a stronger domestic branded business. The company operates 23 production facilities globally (14 in China, 9 overseas), with products exported to 85 countries and self-owned brands sold in 73 countries. This global footprint underpins its scale, supply chain, and delivery capabilities. Total revenue grew from RMB2.23bn in 2020 to RMB4.5bn in 2024, a four-year CAGR of 19%. As 4QFY25 isn't announced, we again focus on 2020-2024. OEM revenue declined from approximately 75% of total revenue to 59%, while proprietary brands increased their share to about 42%. Meanwhile, domestic sales grew at a 25% CAGR to 32% of total revenue, though overseas revenue still accounted for 68%. These trends point to a pivot from global OEM to brand-driven sales, as seen in core brands like Wanpy (mid range and global reach, top 10 sales in China), TOPTREES (premium staple food), and ZEAL (premium NZ imported snacks). Yet overseas OEM remains the revenue anchor in 2024, with branded business layered on top of a much larger manufacturing base.

Fig 3: China Pet Revenue and YoY Change (RMB'bn)

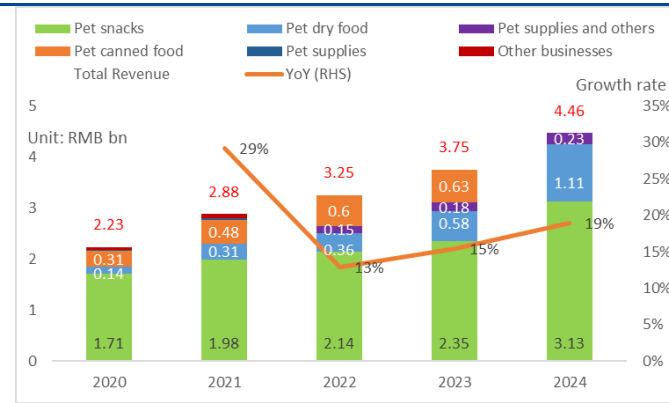
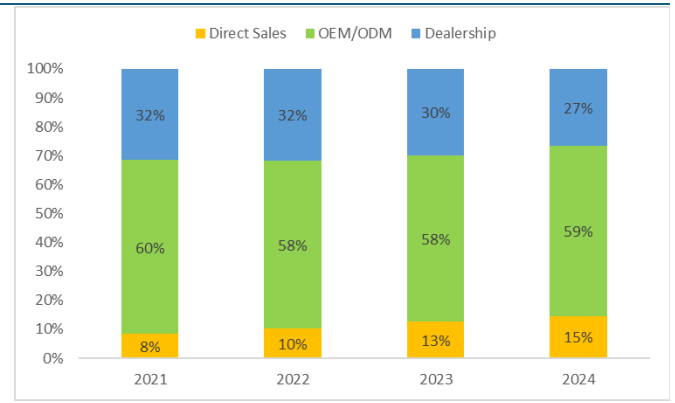


Fig 4: China Pet Sales Model



Source: Company Data, Sunwah Kingsway Research

Profitability Closer Than It Appears: Gambol's brand-driven model supports meaningfully higher GPM, but it also requires heavier investment in sales, branding, and channel development. Gambol reported a GPM of 43% and a selling expense ratio of 22% in the first three quarters of 2025, while China Pet operates with a lower margin but a more restrained cost structure, with a GPM of 31% and a selling expense ratio of 12%. However, Gambol's total OPEX (29%) far exceeds China Pet's (19%), bringing core operating margins down to 14% compared to 11% and net margins further narrowing the gap to 11% compared to 9%, much closer than the headline GPM gap suggests. In essence, Gambol monetizes brand premium and channel management, while China Pet monetizes manufacturing efficiency and supply chain execution. Once differences in brand investment amount are considered, the gap in underlying operating capability is less dramatic than headline margins suggest. Both companies delivered an ROE of around 16% in 2024, further confirming the point.

Fig 5: Gambol Gross Profit Margin

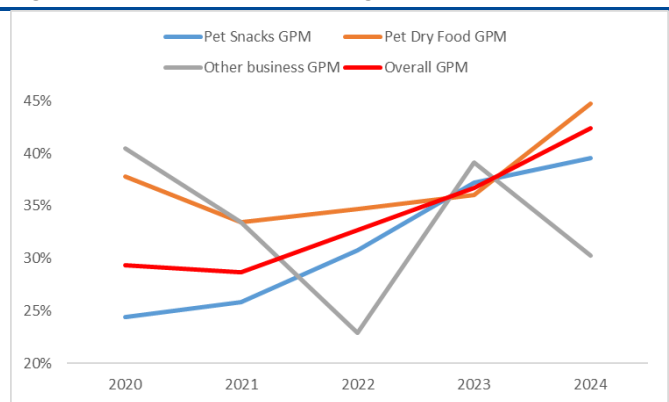
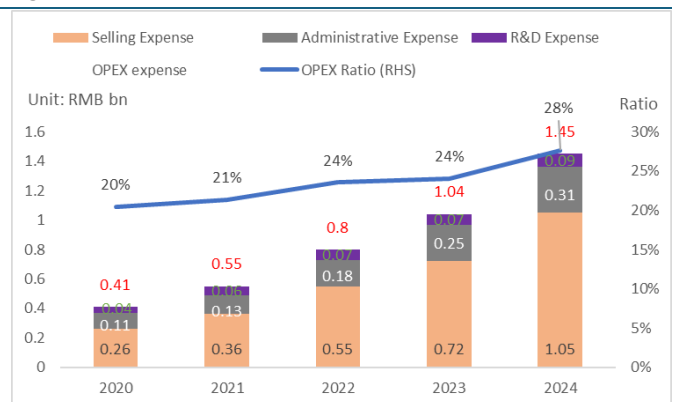


Fig 6: Gambol Breakdown of OPEX (RMB'bn)



Source: Company Data, Sunwah Kingsway Research

Fig 7: China Pet Gross Profit Margin

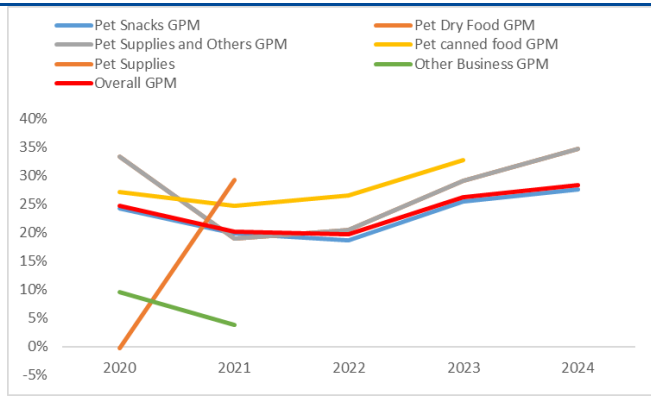
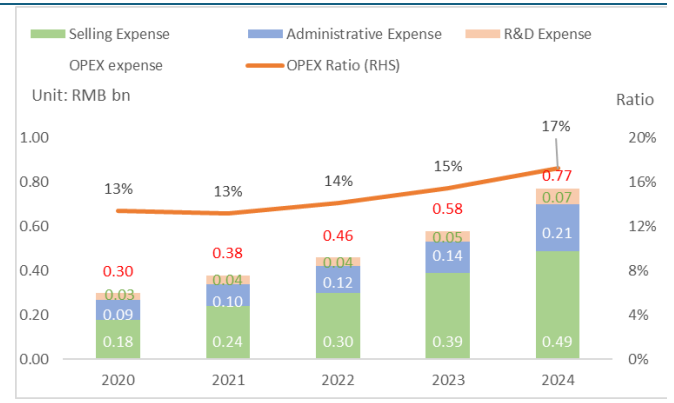


Fig 8: China Pet Breakdown of OPEX (RMB'bn)



Source: Company Data, Sunwah Kingsway Research

Their balance sheets reflect the same strategic divide. In 2024, Gambol’s self-owned brand model typically resulted in higher inventory (173 days) but lower receivables (47 days), while China Pet’s OEM-heavy structure produced relatively higher receivables (90 days) and lighter inventory pressure (132 days). Overall cash conversion was not materially different. However, in terms of asset intensity, China Pet’s broader global manufacturing footprint requires meaningful debt support, with its interest-bearing debt to total assets ratio stood at 26% in 2024, compared to Gambol’s 4% after its 2023 IPO (and even before the IPO, Gambol’s ratio was only about 10%). Thus, China Pet is more fixed-asset intensive and leveraged, while Gambol remains a lighter-asset branded model, further strengthened by IPO proceeds that have left it with a stronger cash position and a cleaner balance sheet.

Fig 9: Gambol Profitability (RMB'bn)

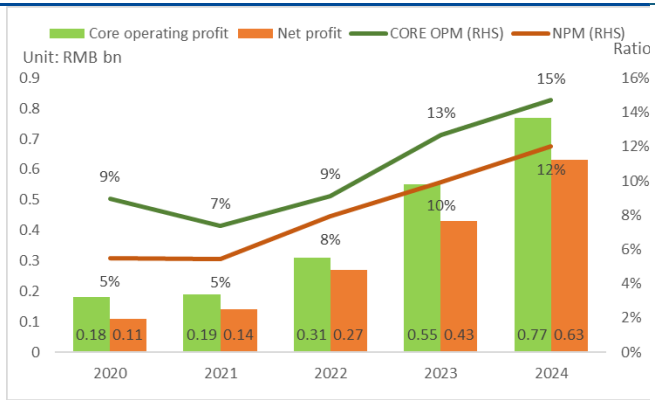
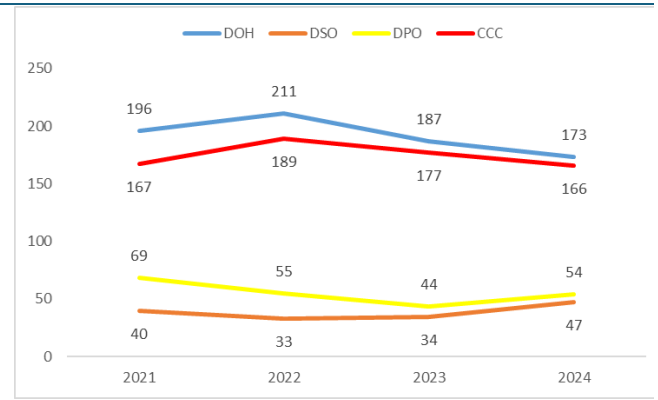


Fig 10: Gambol Working Capital Turnover Efficiency



Source: Company Data, Sunwah Kingsway Research

Fig 11: China Pet Profitability (RMB'bn)

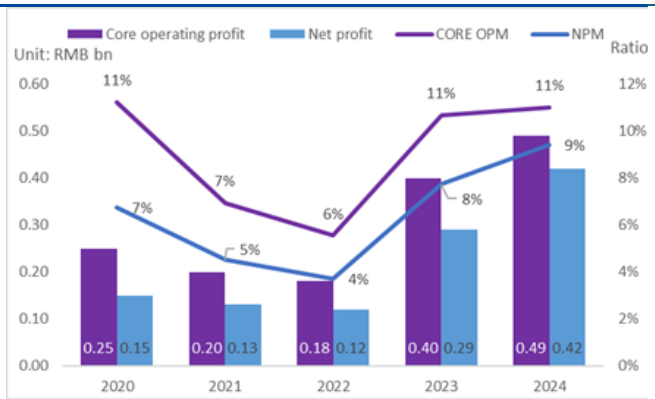
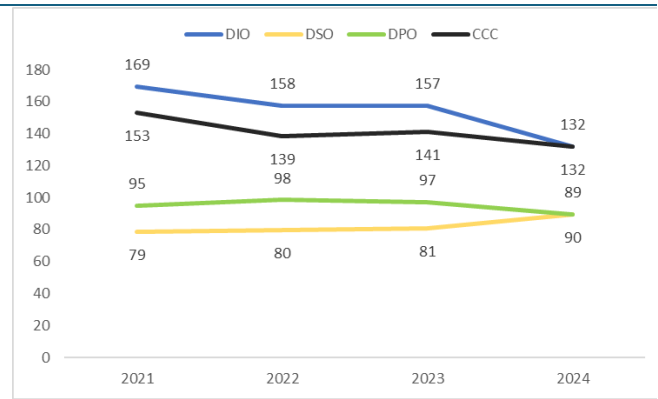


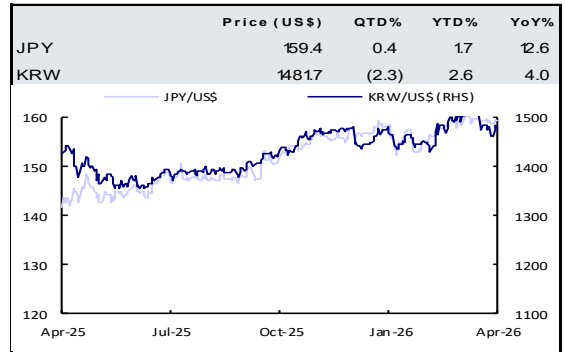
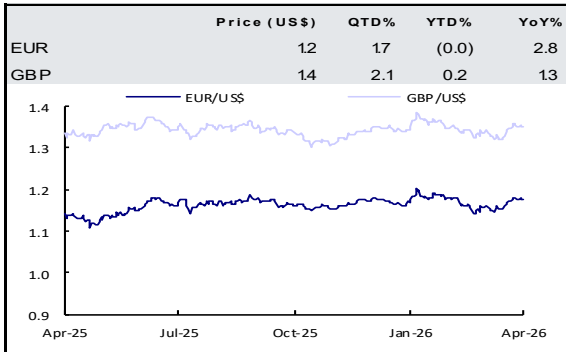
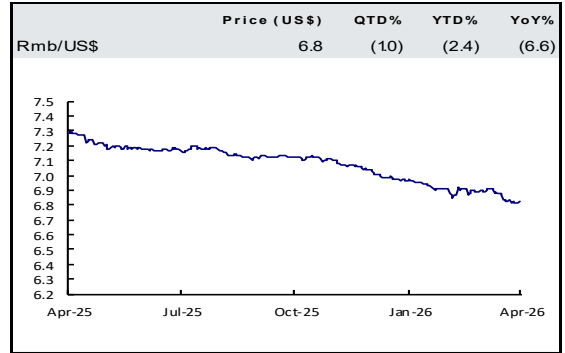
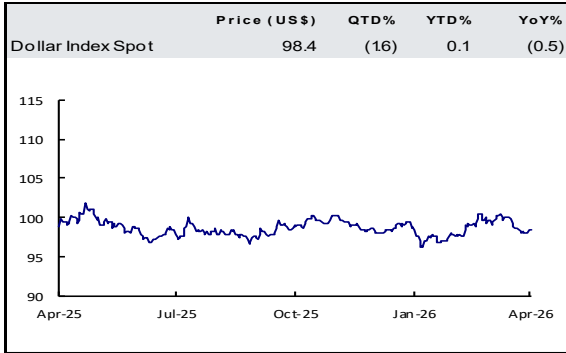
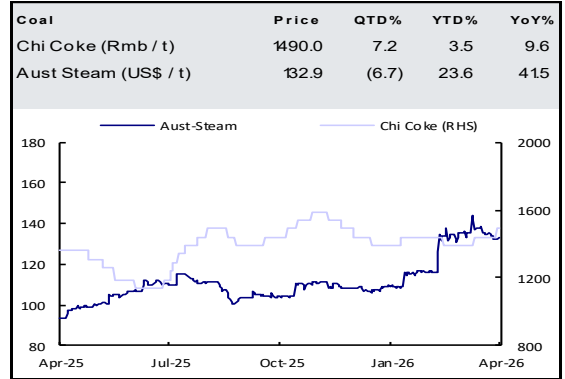
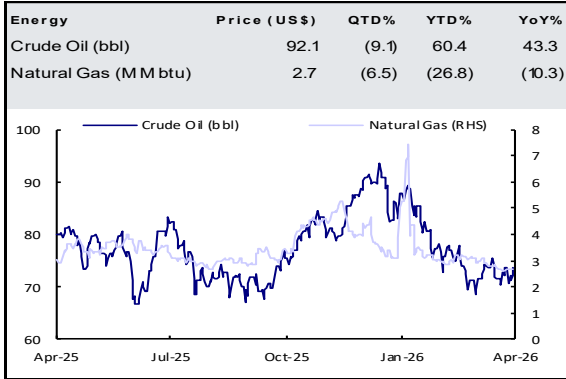
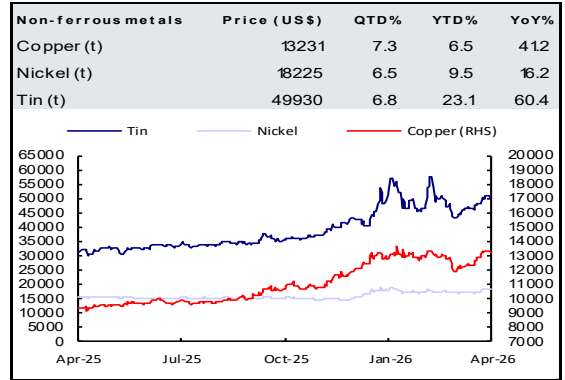
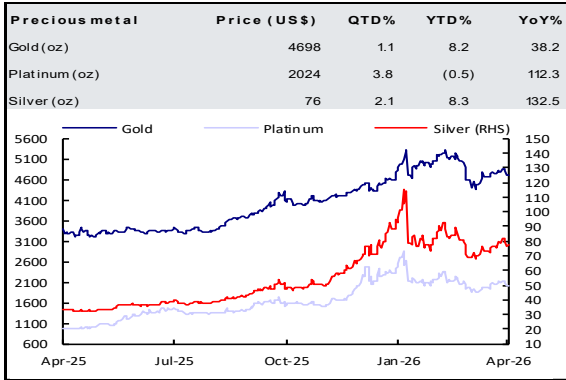
Fig 12: China Pet Working Capital Turnover Efficiency



Source: Company Data, Sunwah Kingsway Research

Our views: The market is still fragmented, with Gambol and China Pet holding just 6.2% and 1.6% of China's domestic pet food market in 2024 and is not significantly different with 3QFY25 results. A reflection that the opportunity remains large, but competitive positions are not yet firmly established. Overall, Gambol appears better positioned to benefit directly from industry premiumization and brand consolidation, while China Pet offers upside from successful brand upgrading on top of a strong manufacturing platform. Both companies already trade on growth expectations rather than deep value. The more compelling setup would be one in which valuations become more reasonable while industry demand and company execution continue to hold up. Gambol is trading at 34x FY25E and 27x FY26E P/E. and China pet is trading at 28.4 x FY25E and 23x FY26E P/E. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

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

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

Disclaimer

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Copyright 2026 Kingsway Group. All rights reserved.

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