

GIANT BIOGENE (2367.HK)

Revenue and Profit Both Grow in H1 2025, Highlighting Long-Term Competitiveness  
China | Cosmetics |

24 Sep 2025

Overview

GIANT BIOGENE (2367.HK), founded in 2000, is a high-tech enterprise rooted in scientific aesthetics and a pioneer and leader in China's professional skincare industry based on bioactive ingredients. Leveraging its proprietary synthetic biology technology platform, the company independently researches, develops, and produces various types of recombinant collagen and rare ginsenosides. It focuses on three major business directions: functional skincare products, medical devices, functional foods, and foods for special medical purposes.

Company performance review

In H1 2025, the company's revenue reached RMB 3.113 billion, representing a year-on-year increase of 22.5%. However, this growth slowed significantly compared to the full-year 2024 growth rate. We believe this was mainly influenced by the following factors: 1)Public opinion incident: In May of this year, the company's flagship brand, Comfy, was involved in a controversy regarding the ingredients of its recombinant collagen essence, which negatively impacted product sales. 2)Natural slowdown in growth of star products: The growth rate of Comfy Collagen Stick naturally decelerated. 3)Underwhelming performance of new products: New products such as Comfy Focus Cream and anti-aging series faced challenges. On one hand, market penetration for new products takes time, and the incremental revenue they generate may not immediately offset the slowdown in star products. On the other hand, the market performance of new products remains uncertain. 4)Erosion of market share due to industry competition: The recombinant collagen segment offers significant profits, attracting numerous players, including traditional skincare giants, emerging brands, and biotechnology companies. Competitors such as Bloomage Biotech and Jinbo Biotech have also intensified their efforts by launching similar products, further exacerbating market competition.

The gross profit margin stood at 81.7%, demonstrating strong profitability, though it decreased by 0.7 percentage points year-on-year, primarily due to changes in the product mix. Selling expenses amounted to RMB 1.059 billion with a year-on-year increase of 18.7%, mainly driven by increased investment in brand building, including brand promotion, marketing, and channel expansion to drive business expansion and category development. At the same time, the company continued to optimize operational efficiency to solidify its long-term growth foundation. Over the past five years, the company's selling expense ratio has consistently increased, reaching 36.3% in 2024. We expect the selling expense ratio to remain above 30% over the next three years. The R&D expense ratio was 1.3%, down 0.6 percentage points year-on-year, primarily due to some R&D projects entering the commercialization phase and a reduction in share-based compensation expenses. Compared with peers such as Proya and Marubi Biotech, the company's R&D expense ratio is relatively low. As of the end of the reporting period, the company had over 140 ongoing R&D projects and 186 authorized and pending patents. Net profit attributable to shareholders was RMB 1.182 billion with a year-on-year increase of 20.2%, and EPS was RMB 1.14 with a year-on-year increase of 15.2%.

Online Direct Sales More Than Doubled Year-on-Year, with Revenue Share Expected to Continue Rising

By sales channel, the company's direct sales revenue in H1 2025 was RMB 2.325 billion, up 26.5% year-on-year, while sales to distributors reached RMB 787 million, up 12.1% year-on-year. Among these, online direct sales revenue through e-commerce platforms amounted to RMB 391 million, surging 133.6% year-on-year, accounting for 12.6% of total revenue. This growth was mainly driven by JD.com's self-operated channel, which focused on meticulous operations targeting beauty consumers to rapidly expand its beauty category, and leveraged the platform's healthcare ecosystem resources to consolidate its advantage in the health

Accumulate

CMP HK\$63.2  
(Closing price as of 22 Sep)  
Target 73.72 HKD (+16.6%)

COMPANY DATA

O/S SHARES (MN) :	1071
MARKET CAP (HKD bn) :	676.81
52 - WK HI/LO (HKD):	85.79/43.89

SHARE HOLDING PATTERN, %

Daidi Fan	55.08%
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PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

RMB mn	FY24	FY25E	FY26E	FY27E
Revenue	5539	6924	8654	10558
Net profit	2062	2474	3011	3647
EPS (RMB)	2.10	2.52	3.07	3.71
P/E ratio, x	27.7	23.1	19.0	15.7
Dividend Yield,%	2.1%	2.5%	3.1%	3.7%

Source: Company reports, Phillip Securities Est.

Analyst

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category. Currently, online direct sales account for a relatively small portion of revenue. We believe the share is expected to increase significantly as the company continues to intensify its marketing efforts on e-commerce platforms.

### Star Products Shined During 618, Product Portfolio Continues to Expand

By brand, Comfy's revenue in H1 2025 was RMB 2.541 billion, up 22.7% year-on-year, accounting for 81.7% of total revenue. Collgene's revenue was RMB 503 million, up 26.9% year-on-year, accounting for 16.1% of total revenue. Revenue from other brands was RMB 58 million, down 10.5% year-on-year, accounting for 1.9% of total revenue. Revenue from health foods and others was RMB 10 million, up 16.3% year-on-year, accounting for 0.3% of total revenue. During the 618 shopping festival, the star product Comfy Recombinant Collagen Dressing ranked first on Tmall's list of most highly rated medical dressings, while Comfy Collagen Stick 2.0 ranked first among domestic products on Tmall's list of best-selling liquid essences, demonstrating outstanding performance. During the reporting period, the company launched the Comfy Precise and Intensive Repair Series, further enriching its product portfolio.

### New Exclusive Patent for Recombinant Type IV Collagen

In August, the company's R&D team conducted in-depth research that not only validated the mechanism of recombinant Type IV collagen in maintaining endothelial barrier homeostasis and soothing redness but also firstly discovered that collagen nonapeptide (GAAGLPGPK) had the efficacy of repairing the basement membrane barrier and soothing redness. Moreover, a specific ratio of recombinant Type IV collagen combined with collagen nonapeptide showed significant synergistic effects in repairing the skin barrier and soothing redness. This breakthrough is expected to bring major advancements to the company's product updates.

### Deepening Expertise in Rare Ginsenosides, with Potential for Industrial Application in Functional Foods

The company's research team discovered that rare ginsenosides Rg3, Rk1, and Rg5 had efficacy in alleviating cognitive impairment and improving memory, while Rk1 and Rg5 also possess functions related to inhibiting neural excitement and aiding sleep. The implementation of this patent offers innovative solutions for populations with high incidence rates of cognitive impairment (e.g., the elderly) and those experiencing memory decline (e.g., middle-aged and young adults). The patent is easy to industrialize and can be extensively applied in the broad health area, such as functional foods, with wide-ranging prospects. The company's health food revenue may further contribute incremental growth.

### Company valuation

As a leader in China's recombinant collagen sector, GIANT BIOGENE is well-positioned to maintain its leading role in the functional skincare and medical aesthetics markets, thanks to its technological barriers, brand matrix, and channel advantages. In July of this year, Focustar Capital and GIANT BIOGENE established a joint venture focused on developing the Southeast Asian market. In June 2025, Comfy, under GIANT BIOGENE, became the first Chinese functional skincare brand to enter Watsons in Malaysia. We are optimistic about its overseas growth prospects. We believe the collagen skincare market still has significant room for development, and GIANT BIOGENE is poised to continue benefiting from it. Previous short-term impacts have been fully digested by the market, and growth in the second half of the year is highly certain. We forecast the company's revenue for 2025–2027 to be RMB 6.924 billion, RMB 8.654 billion, and RMB 10.558 billion, respectively, with EPS of RMB 2.52, RMB 3.07, and RMB 3.71. The current share price corresponds to a P/E ratio of 23.1x, 19x, and 15.7x for 2025–2027. Based on a target 2026 P/E of 22x, we give the target price to HKD 73.72 and initiate coverage with an "Accumulate" rating. (Current price as of September 22)

## Risk factors

The macro-economy is in a downward trend, industry competition is intensifying, and new product promotion is not as good as expected.

## Financial

### Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Revenue</b>	3524	5539	6924	8654	10558
Cost of sales	-577	-992	-1274	-1636	-1996
Gross profit	2947	4547	5649	7018	8562
Operating expenses	-1336	-2265	-2840	-3549	-4330
Finance costs	0	0	0	0	0
<b>Profit before tax</b>	1745	2458	2949	3609	4372
Income tax expense	-297	-396	-475	-598	-724
<b>Profit for the year</b>	1448	2062	2474	3011	3647
<b>Profit for the year attributable to</b>					
– Owners of the Company	1452	2062	2474	3011	3647
<b>EPS(RMB)</b>	1.49	2.10	2.52	3.07	3.71
<b>DPS(RMB)</b>	0.89	1.19	1.46	1.78	2.15
<b>Dividend payout ratio</b>	59%	58%	58%	58%	58%
<b>Weighted shares outstanding</b>	976	982	982	982	982

### Key Financial Data

Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
<b>Valuation Ratio</b>					
P/E ratio	39.1	27.7	23.1	19.0	15.7
Dividend Yield, %	1.5%	2.1%	2.5%	3.1%	3.7%
<b>Per share data(RMB)</b>					
EPS	1.49	2.10	2.52	3.07	3.71
BVPS	4.5	7.2	8.3	9.6	11.1
DPS(RMB)	0.89	1.19	1.46	1.78	2.15
<b>Growth &amp; Margin</b>					
<b>Growth</b>					
Revenue Growth	49.0%	57.2%	25.0%	25.0%	22.0%
Gross Profit Growth	47.7%	54.3%	24.2%	24.2%	22.0%
Net Profit Growth	44.6%	42.4%	20.0%	21.7%	21.1%
<b>Margin</b>					
Gross Profit Margin	83.6%	82.1%	81.6%	81.1%	81.1%
Net Profit Margin	41.1%	37.2%	35.7%	34.8%	34.5%
<b>Key Ratios</b>					
ROE	40.3%	36.0%	32.4%	34.3%	35.8%
ROA	35.7%	31.7%	28.8%	30.7%	32.3%

## Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
<b>Current assets</b>					
Inventories	200	311	338	495	521
Accounts receivable	102	141	152	190	232
Cash and cash equivalents	2504	4030	4634	5128	5984
Others	1329	1920	1938	1966	1996
<b>Total current assets</b>	<b>4135</b>	<b>6402</b>	<b>7062</b>	<b>7778</b>	<b>8733</b>
<b>Non-current assets</b>					
PPE	664	1042	1516	2096	2791
Others	175	594	593	593	592
<b>Total current assets</b>	<b>838</b>	<b>1636</b>	<b>2109</b>	<b>2689</b>	<b>3383</b>
<b>Total Assets</b>	<b>4973</b>	<b>8038</b>	<b>9171</b>	<b>10468</b>	<b>12116</b>
<b>Current liabilities</b>					
Accounts and bills payables	133	287	270	244	298
Short-term Bank and other loans	0	0	0	0	0
Others	398	549	661	718	781
<b>Total current liabilities</b>	<b>531</b>	<b>836</b>	<b>930</b>	<b>962</b>	<b>1079</b>
<b>Non-current liabilities</b>					
Long-term Bank& other loans	0	0	0	0	0
Others	71	82	82	82	82
<b>Total non-current liabilities</b>	<b>71</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Total liabilities</b>	<b>602</b>	<b>918</b>	<b>1012</b>	<b>1044</b>	<b>1161</b>
Equity attributable to equity holders of the Company	4362	7108	8147	9412	10944
Non-controlling interests	9	12	12	12	12
<b>Total equity</b>	<b>4371</b>	<b>7120</b>	<b>8159</b>	<b>9424</b>	<b>10955</b>
<b>Total liabilities and equity</b>	<b>4973</b>	<b>8038</b>	<b>9171</b>	<b>10468</b>	<b>12116</b>

## Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
<b>CFO</b>	<b>1647</b>	<b>2041</b>	<b>2573</b>	<b>2907</b>	<b>3786</b>
Net profit before tax	1745	2458	2949	3609	4372
Change in working capital	-192	-429	-437	-789	-705
Depreciation and Amortization	34	50	60	87	119
Others	60	-37	0	0	0
<b>CFI</b>	<b>-527</b>	<b>-1106</b>	<b>-534</b>	<b>-667</b>	<b>-813</b>
Purchase of PP&E	-226	-247	-534	-667	-813
Short term and long term investment,net	-301	-859	0	0	0
<b>CFF</b>	<b>52</b>	<b>583</b>	<b>-1435</b>	<b>-1747</b>	<b>-2116</b>
Cash payments for distribution of dividends, profits or repayment of interest	0	-908	-1435	-1747	-2116
Cash received from financing	52	1491	0	0	0
<b>Net increase in cash and cash equivalents</b>	<b>1173</b>	<b>1526</b>	<b>604</b>	<b>494</b>	<b>857</b>
<b>Cash and cash equivalents at 31 December</b>	<b>2504</b>	<b>4030</b>	<b>4634</b>	<b>5128</b>	<b>5984</b>

Current Price as of: 22 Sep

Source : PSHK Est.

**PHILLIP RESEARCH STOCK SELECTION SYSTEMS**

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm$ 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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