Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52900.1	1.1	1.9	3.1	10.1
S&P 500	7483.2	0.0	1.7	(1.7)	9.3
FTSE 100	10652.9	1.7	1.2	2.7	7.3
AS30	8930.9	(0.0)	(0.2)	(0.4)	(1.0)
CSI 300	4812.3	(3.0)	(4.1)	(2.1)	3.9
FSSTI	5217.2	1.1	(0.0)	2.3	12.3
HSCEI	7612.5	0.7	0.1	(13.1)	(14.6)
HSI	23055.0	0.8	(0.1)	(11.5)	(10.0)
JCI	5744.6	0.9	(4.2)	(7.3)	(33.6)
KLCI	1661.8	0.3	(0.1)	(1.3)	(1.1)
KOSPI	7648.1	(7.9)	(14.4)	(13.1)	81.5
Nikkei 225	68733.2	(2.5)	(5.0)	3.0	36.5
SET	1593.6	0.3	2.2	0.3	26.5
TWSE	46744.2	(0.6)	1.1	2.6	61.4
BDI	2650.0	3.4	2.3	(17.3)	41.2
CPO (RM/mt)	4481.5	0.0	(0.3)	(0.1)	13.9
Brent Crude (US$/bbl)	71.8	0.3	(4.6)	(25.2)	18.0

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing on Singapore 2H Outlook & Strategy by Adrian Loh	Malaysia	01 Jul	03 Jul
Hybrid Post-results Luncheon with JBM (Healthcare) Ltd (2161 HK) & Jacobson Pharma (2633 HK)	Hong Kong	03 Jul	03 Jul
Small & Mid-Caps Corporate Day	Singapore	09 Jul	09 Jul
Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation	Malaysia	13 Jul	15 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
June RatingDog China PMI Composite	China	03 Jul
June RatingDog China PMI Services	China	03 Jul
June Foreign Reserves	China	06 Jul
June Inflation (PPI, CPI)	China	09 Jul
June Money Supply (M2, M1, M0)	China	09-15 Jul

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Sector Update | Automobile Page 2

June sales for five major Chinese automakers were mixed, with export growth offsetting domestic weakness. BYD and Geely outperformed on overseas and EVs, while Great Wall and Li Auto missed estimates; XPeng beat on the GX but H1 volumes lagged. Outlooks vary: BYD/Geely positive, Li Auto/Great Wall uncertain. We maintain MARKET WEIGHT; top BUYs include CATL, BYD, Geely, Minth, Ganfeng Lithium (BYD's target price is raised to HK$135, while that for Geely and GWM are trimmed to HK$27.00 and HK$12.00 respectively). Top SELL is Li Auto.

Technical Analysis

Hansoh Pharmaceutical Group | 3692 HK Page 5

Support levels: HK$29.16/HK$28.14
Resistance levels: HK$34.56/HK$38.40

Sinotruk Hong Kong | 3808 HK Page 5

Support levels: HK$37.42/HK$35.54
Resistance levels: HK$45.24/HK$48.40

Automobile

MARKET WEIGHT
(Maintained)

Weekly: June OEM Sales: Exports Shine, Domestic Weakness Lingers, BYD/Geely Lead, Li Auto A Top SELL

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Highlights

- June sales for five major Chinese automakers showed a mixed performance, with robust export growth offsetting persistent domestic weakness.
- BYD and Geely outperformed on overseas sales and EVs, while Great Wall and Li Auto missed estimates due to domestic pressures and model transitions.
- XPeng beat June expectations on the new GX. However, 1H26 volumes stayed weak, with varying outlooks - BYD/Geely positive, but Li Auto/Great Wall uncertain.
- Maintain MARKET WEIGHT. Top BUYs: CATL, BYD, Geely, Minth and Ganfeng Lithium. Raise the target price for BYD to HK$135.00; trim those for Geely and GWM to HK$27.00 and HK$12.00. Top SELL: Li Auto.

Analysis

- **Jun 26 sales and delivery data for five major Chinese automotive OEMs reveal a mixed performance, with robust export growth offsetting persistent domestic weakness for most manufacturers.**
  - **BYD Co (1211 HK/BUY/Target: HK$135.00) delivered 413,453 vehicles in Jun 26, up 8.1% yoy and 7.8% mom, in line with estimates.** 1H26 cumulative sales reached 1.82m units (-15.3% yoy) vs its full-year target of 5m units. Exports surged by 94.7%/70.6% yoy to 175,349 units/792,256 units in June/1H26 respectively vs full-year 2026 target of 1.5m units (+43.4% yoy). Domestic sales fell by 18.6%/39.0% yoy to 238,104 units/1.026m units in June/1H26 respectively.
    - **Looking ahead to 2H26, BYD's sales will be driven by the ramp-up of the flash-charging models like the Great Tang and Great Han, the ramp-up of production at overseas factories, the expanding fleet of roll-on/roll-off vessels, and expansion of sales channels.**

Segmental Rating

Segment	Rating
OEMs	MARKET WEIGHT (Maintained)
Auto parts	MARKET WEIGHT (Maintained)
Battery	OVERWEIGHT (Maintained)
Battery materials	OVERWEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (lcy)	Target Price (lcy)
CATL	300750 CH	BUY	382.35	640.00
BYD	1211 HK	BUY	78.30	135.00
Geely	175 HK	BUY	17.32	27.00
Minth	425 HK	BUY	27.38	56.00
Ganfeng Lithium	1772 HK	BUY	48.08	120.00
Li Auto	2015 HK	SELL	46.84	40.00

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price 2 Jul 26 (lcy)	Target Price (lcy)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy m)	Price/ NAV ps (x)
BYD Company	1211 HK	BUY	78.30	135.00	72.4	12/25	19.4	13.9	11.2	0.7	15.3	288,410	2.2
Geely Automobile	175 HK	BUY	17.32	27.00	55.9	12/25	10.8	9.4	7.4	3.0	17.8	186,793	2.5
Great Wall Motors	2333 HK	BUY	8.38	12.00	43.2	12/25	6.4	6.9	5.6	2.7	10.2	19,338	0.7
Li Auto Inc	2015 HK	SELL	46.84	40.00	(14.6)	12/25	188.4	59.4	73.4	0.0	2.0	97,661	1.2
XPeng	9868 HK	BUY	51.80	90.00	73.7	12/25	Loss	167.4	20.2	0.0	1.7	81,191	2.8
Weichai Power	2338 HK	HOLD	33.94	35.00	3.1	12/25	43.5	22.7	21.3	2.6	10.7	65,947	2.7
Fuyao Glass	3606 HK	BUY	50.15	100.00	99.4	12/25	12.4	11.6	9.7	5.7	27.2	30,429	2.7
Desay SV	002920 CH	BUY	81.09	150.00	85.0	12/25	19.7	19.7	16.7	1.7	24.8	48,395	2.8
Nexteer	1316 HK	BUY	3.89	8.30	113.4	12/25	12.3	9.3	8.4	4.8	6.2	9,763	0.6
Minth	425 HK	BUY	27.38	56.00	104.5	12/25	10.1	9.6	8.2	3.0	11.7	32,073	1.1
Ningbo Tuopu	601689 CH	BUY	56.75	100.00	76.2	12/25	36.6	32.5	28.3	0.0	11.7	98,622	4.0
Zhejiang Sanhua	002050 CH	BUY	44.92	57.00	26.9	12/25	46.9	40.1	34.7	1.0	14.2	167,618	5.4
Joyson Electronics	600699 CH	BUY	21.86	43.00	96.7	12/25	23.1	17.3	15.2	1.2	9.9	30,509	1.6
Pony AI	PONY US	BUY	7.29	16.00	119.5	12/25	Loss	Loss	Loss	0.0	n.a.	2,569	0.3
CATL	300750 CH	BUY	382.35	640.00	67.4	12/25	24.2	18.5	14.0	2.7	20.8	1,677,369	4.4
EVE Energy	300014 CH	BUY	61.27	83.50	36.3	12/25	30.7	16.1	12.3	1.5	6.8	133,158	2.5
Ganfeng Lithium	1772 HK	BUY	48.08	120.00	149.6	12/25	55.3	26.7	16.4	0.7	(1.2)	23,227	1.8
Tinci Materials	002709 CH	BUY	54.84	75.00	36.8	12/25	77.6	21.8	18.3	1.4	5.4	111,795	4.8

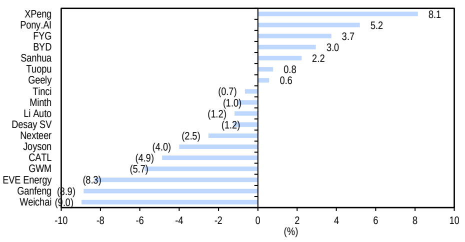
Source: UOB Kay Hian

- **We expect BYD's monthly sales volume to grow gradually from >400,000 units in June to >500,000 units from September.**
- On an annual basis, we maintain 2026-28 sales volume estimates for BYD at 5m/6m/7m units respectively (15% three-year CAGR), with overseas sales forecasts lifted to 2m/3m/4m units and domestic sales projections cut to 3m/3m/3m units. Overseas sales will remain a growth driver with their share in total sales volume rising from 23% in 2025 to 40%/50%/57% in 2026/27/28 respectively.
- Raise 2026-28 earnings estimates by 3-4%. Based on higher share of the higher-margin overseas sales and hence higher blended gross margin of 18.8%/19.3%/19.6%, we raise 2026-28 net profit forecasts by 3%/3%/4% to Rmb39.46b/Rmb53.25b/Rmb66.17b respectively.

- **Geely (175 HK/BUY/Target: HK$27.00) recorded June sales of 240,799 units (+2.0% yoy/+1.3% mom), slightly below our estimate of 250,000 units;** while its 1H26 cumulative sales totalled 1,422,958 units (+1.0% yoy) vs its full-year 2026 sales target of 3.45m units (+14.1% yoy).
  - **Galaxy and Zeekr both outperformed the Geely brand and Lynk & Co.** By brand, Galaxy and Zeekr were the growth drivers, selling 108,206 units (+19.9% yoy/+32.4% mom) and 35,169 units (+110.6% yoy/+2.3% mom) in June. On the contrary, sales of the Geely brand and Lynk & Co dropped to 78,358 units (-23.8% yoy/-22.3% mom) and 19,066 units (-27.5% yoy/-8% mom) respectively.
  - **EV and overseas as primary growth drivers.** Electric vehicle (EV) sales grew by 31.9% yoy to 161,449 units in June, while overseas sales spiked by 183.7% yoy to 102,874 units during the month. However, internal combustion engine (ICE) car sales dropped to 79,350 units (-30.2% yoy/-23.9% mom) in June, and domestic sales fell to 137,925 units (-25.7% yoy/-9.6% mom) in the same month.
  - **The mom drop in domestic sales was due to destocking.** Domestic retail sales actually edged up to >177,000 units (-16% yoy/+3% mom) in June, and inventory days in channel declined from <30 days as of end-May to around 20 days as of end-June.
  - **For 2H26, Geely is expected to maintain its growth trajectory, driven by EV models and exports.** With the ramp-up of models like the 5th gen Emgrand i-HEV and refreshed Zeekr 009, the debuts of new models like Galaxy TT and Galaxy Warship 700, and the drawdown of channel inventories, we expect domestic wholesales to rebound to >200,000 units from August. For overseas markets, we expect exports to remain at above 100,000 units in 2H26 with the introduction of more models like Zeekr 8X/9X.
  - **On an annual basis, we maintain our estimates on Geely's 2026-28 sales at 3.45m/4.30m/5.15m units respectively (19% three-year CAGR), with higher export projections of 1.2m/2.0m/2.8m units and lower domestic sales forecast of 2.25m/2.30m/2.35m units respectively.**
  - **Raise 2026-28 earnings estimates by 10-17%.** Based on higher share of the higher-margin overseas sales and hence higher blended gross margin of 18.0%/18.2%/18.4%, we raise 2026-28 net profit forecasts by 10%/14%/17% to Rmb18.90b/Rmb25.40b/Rmb32.13b respectively.

- **Great Wall Motor (2333 HK/BUY/Target: HK$12.00) delivered 108,080 vehicles in June, down 2.4% yoy and up 7.7% mom, missing estimates.** 1H26 cumulative sales reached 583,895 units, up 2.5% yoy, vs its full-year target of 1.8m units and our estimated 2026 sales of 1.5m units (+13.3% yoy). Domestic sales plunged by 26.6% yoy/11.0% mom to 47,912 units, as the company's relatively conservative EV strategy and ongoing sales channel restructuring have taken longer than anticipated to yield results. On the contrary, exports surged by 46.8% to 60,168 units in June.
  - **The 2H26 outlook will depend heavily on whether new models, particularly in the Tank series, can revive domestic demand, but the**

Weekly Stock Performance



Source: Bloomberg

June Sales By Brand

('000 units)	Jun 26	yoy % chg	mom % chg	1H26	yoy % chg
BYD	413,453	8.1	7.8	1,818,492	(15.3)
- Domestic sales	238,104	(18.6)	6.9	1,026,236	(39.0)
- Exports	175,349	94.7	9.2	792,256	70.6
Geely	240,799	2.0	1.3	1,422,958	1.0
- EV	161,449	31.9	21.1	799,454	10.2
- ICE-car	79,350	(30.2)	(23.9)	623,504	(8.8)
- Domestic sales	137,925	(29.6)	(9.6)	948,730	(22.6)
- Exports	102,874	157.1	20.8	474,228	159.3
GWM	108,080	(2.4)	7.7	583,895	2.5
- EV	34,659	(4.8)	13.8	149,920	(6.5)
- ICE-car	73,421	(1.2)	5.0	433,975	6.0
- Domestic sales	47,912	(26.6)	(11.0)	292,469	(21.4)
- Exports	60,168	46.8	0.4	291,426	47.4
XPeng	40,126	15.9	24.8	165,977	(15.8)
Li Auto	30,895	(14.8)	(7.4)	193,472	(5.1)

Source: Respective companies

channel restructuring suggests that any recovery will be gradual and a downward revision to guidance appears highly probable.
  - o We cut 2026-28 net profit projections by 6%/13%/18% to Rmb8.67b/Rmb9.81b/Rmb11.15b respectively, based on lower sales volume estimates of 1.4m/1.6m/1.8m units (11% three-year CAGR).
- **XPeng delivered 40,126 vehicles in June, up 15.9% yoy and 24.8% mom, above estimates**, driven by the production ramp-up of the new GX model that exceeded internal expectations with 6,739 units delivered in the month. 2Q26 deliveries totalled 103,295 units (+0.1% yoy/+64.8% mom) vs guidance of 100,000-106,000 units. Despite this strong monthly rebound, the company's cumulative sales for 1H26 amounted to only 165,977 units (-15.8% yoy), reflecting a very weak start to the year due to earlier model transitions and intense competitive pressure. This compares with the company's full-year 2026 delivery target of 550,000-600,000 units and our estimated 2026 deliveries of 480,000 units (+11.8% yoy).
  - o **For the remainder of 2026, the outlook hinges entirely on continued volume growth for the GX and the successful launch of additional new models** – Mona L03, Mona SUV and a full-sized electric SUV.
  - o Maintain 2026 net loss estimate at Rmb2.03b and 2027-28 net profit projections at Rmb2.67b/Rmb5.29b respectively, based on deliveries of 480,000/650,000/780,000 units.
- **Li Auto (2015 HK/SELL/Target: HK$35.00) delivered 30,895 vehicles in Jun 26, down 14.8% yoy and 7.4% mom, missing estimates.** 2Q26 deliveries totalled 98,330 units (-11.5% yoy/+3.4% mom) vs guidance of 95,000-100,000 units. Cumulative sales for 1H26 reached 193,472 units (-5.1% yoy) vs our estimated 2026 deliveries of 400,000 units.
  - o **Generation transition of L-series line-up and increasing competition.** The decline is attributable to a generational transition in the L-series line-up, where older models are being cleared while new versions such as the L6 and updated L8 have not yet fully ramped up. This was also exacerbated by intense competition from rivals such as AITO and Zhiji in the Rmb200,000-400,000 price segment.
  - o **The product mix has deteriorated significantly, as the lower-priced i6 now accounts for approximately 80% of sales, squeezing margins.**
  - o **In 2H26, the company plans to launch the new L6 in July and introduce updated L8 and pure-electric i9 models later in the year**. These new products could potentially rejuvenate demand, but June's weak performance suggests a slow start and the competition remains fierce. We remain pessimistic on Li Auto's sales outlook.
  - o **Maintain 2026-28 net loss estimates at Rmb5.14b/Rmb3.95b/Rmb3.56b respectively**, based on deliveries of 420,000/450,000/480,000 units.

Valuation/Recommendation

- **We maintain MARKET WEIGHT on China's auto sector.** Our preference for segments in descending order of preference is: battery and battery material producers > automotive part manufacturers > OEMs.
- **Top BUYs: CATL, BYD, Geely, Minth and Ganfeng. Top SELL: Li Auto.**
- **Raise target price for BYD from HK$120.00 to HK$135.00**, as we roll over target PE from 2026 to 2027 and cut target PE multiple from 25x to 20x (on par with three-year historical mean).
- **Cut target price for Geely from HK$36.00 to HK$27.00,** as we roll over target PE from 2026 to 2027 and cut target PE multiple from 20x to 10x (on par with three-year historical mean).
- **Trim target price for GWM from HK$15.00 to HK$12.00**, as we roll over target PE from 2026 to 2027 and cut target PE multiple from 12x to 9x (on par with three-year historic mean).

Probable Catalysts Over the Next Month

Company	Catalysts	Timeline	Direction
BYD	July sales data; our estimate: 443,450 units (+29% yoy/+7% mom).	Early-August	Positive
Geely	July sales data: our estimate: 300,000 units (+26% yoy/+25% mom)	Early-August	Positive
XPeng	Turing AI chip commercialisation updates; flying car production progress	3Q26	Positive
Li Auto	New L8 initial order intake and delivery data	July	Critical sentiment driver, any disappointment will dampen stock price further.
Pony.ai	The commercialisation progress of robotaxi	July-August	Positive
CATL	2Q26 results: Market will scrutinise margins amid capacity expansion. We estimate CATL's 2Q26 adjusted net profit at Rmb20.5b (+33% yoy/+13% qoq) on 220 GWh of sales volume (+38% yoy/+10% qoq).	Late-July	Potential upside if margins hold
Ganfeng Lithium	Lithium carbonate price trend: We expect it to rebound to Rmb180,000-200,000/tonne by August. 2Q26 results: We estimate 2Q26 adjusted net profit at Rmb1.8b (+27% qoq).	July-August	Positive
Tinci Materials	2Q26 profit alert. We estimate 2Q26 adjusted net profit at Rmb1.8b (+1693% yoy/+15% qoq).	Late-July	Positive

Source: UOB Kay Hian

Hansoh Pharmaceutical Group (3692 HK)

Source: TradingView

Last price: HK$31.52

Support levels: HK$29.16/HK$28.14

Resistance levels: HK$34.56/HK$38.40

Technical View:

The price has been bottoming out and has formed a double bottom chart pattern. Immediate buying urgency is confirmed by a successful penetration of the intermediate pivot neckline, accompanied by the RSI crossing above its 50-neutral baseline. With the primary structural accumulation phase concluded and momentum shifting back to the long side, the technical framework favours a near-term continuous move higher.

Average timeframe: Around two weeks.

Sinotruk Hong Kong (3808 HK)

Source: TradingView

Last price: HK$40.26

Support levels: HK$37.42/HK$35.54

Resistance levels: HK$45.24/HK$48.40

Technical View:

The price has successfully defended its previous low support floor. Near-term buying urgency is expanding at this inflection point, highlighted by the RSI curling upward toward neutral territory. With selling pressure thoroughly neutralised at the previous baseline and momentum parameters actively shifting back to the long side, the technical framework favours a near-term extension higher.

Average timeframe: Around two weeks.

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