UOBKayHian

Country Daily | Greater China

Friday, 13 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52297.1	(0.4)	1.5	0.9	8.8
S&P 500	7592.4	(0.4)	3.2	(2.8)	10.9
FTSE 100	10863.1	0.3	0.7	1.9	9.4
AS30	9274.2	(0.2)	0.7	4.0	2.8
CSI 300	4043.9	(0.8)	(1.7)	(5.4)	(12.7)
FSSTI	5282.7	(0.1)	0.3	(2.7)	13.7
HSCEI	8056.8	(1.4)	(3.7)	(1.4)	(9.6)
HSI	24008.6	(1.3)	(3.2)	(1.1)	(6.3)
JCI	5250.9	2.7	4.4	(11.4)	(39.3)
KLCI	1586.0	(0.6)	(1.9)	(2.3)	(5.6)
KOSPI	5342.7	(0.6)	(0.8)	(11.5)	26.8
Nikkei 225	60819.4	(0.7)	(0.4)	(10.3)	20.8
SET	1499.1	(0.2)	0.1	(4.6)	19.0
TWSE	43091.9	(2.6)	3.6	(10.9)	48.8
BDI	3020	2.1	10.2	5.9	60.9
CPO (RM/mt)	4122	3.4	(4.0)	(7.8)	4.8
Brent Crude (US$/bbl)	96	3.4	(2.4)	(10.0)	57.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Oct Money Supply (M2, M1, M0)	China	9-15 Nov
Oct FDI YTD YoY CNY	China	11-17 Nov
3Q P BoP Current Account Balance	China	13 Nov
3Q F GDP (SA QoQ, YoY)	Hong Kong	13 Nov
Oct Retail Sales	China	16 Nov
Oct Industrial Production	China	16 Nov
Oct Fixed Assets Ex Rural	China	16 Nov
Oct Surveyed Jobless Rate	China	16 Nov

Top Stories

Sector Update | Automobile Page 3 →

- October NEV sales hit a record 1.94m on exports; domestic NEV sales fell 9% yoy. China extended battery-export-control suspension to 10 Jan 27. Momenta formed a 51:49 intelligent-driving JV with SAIC to aid overseas expansion. Hesai reported mixed 3Q26 results and expects robotics to contribute 50-60% of 2027 revenue. We estimate XPeng's 3Q26 net loss at Rmb1b. Maintain MARKET WEIGHT; BUYs: BYD, Geely; SELLs: Li Auto, XPeng.

Company Results | LINK REIT (823 HK/**BUY**/HK$41.50/Target: HK$45.70) Page 6 →

- 1HFY27 DPU rose 0.3% yoy to 127.25 HK cents, accounting for 51% of our FY27 forecast, as cost control offset a retail rental reversion of -7.5% in Hong Kong. Management reiterated its FY27 reversion guidance and is planning HK$1b-2b of unit buybacks in 2HFY27. Four non-core disposals in 2026 will recycle about HK$6.3b. The Eastpoint Mall stake marks a return to acquisitions and is expected to sharpen Link REIT's focus. We increase FY27-29 earnings by 0.5%. Maintain BUY. Raise target price to HK$45.70.

Company Update | Edge Medical (2675 HK/**BUY**/HK$27.88/Target: HK$37.00) Page 9 →

- Our industry check has shown that fierce price competition in the surgical robot segment may lead to slower-than-expected revenue growth and depress profit margins for Edge Medical in 2026. Edge Medical expects to launch new products in 2027 competing directly with Intuitive Surgical's most advanced model – da Vinci 5. The move will also allow the company to price the new products favourably and promote a strategic shift towards high-end market share. Maintain BUY. Lower target price to HK$37.00 to reflect short-term price pressure.

Company Update | Foxconn Industrial Internet (601138 CH/**BUY**/Rmb43.35/Target: Rmb77.60) Page 12 →

- FII's parent company Hon Hai Precision remains well positioned for double-digit revenue growth in 2027, supported by sustained AI-rack demand and rising ASIC adoption. Vertically-integrated content and consignment should strengthen gross margin and capital efficiency, while additional NeoCloud customers provide further share-gain potential. Data centre site readiness and component shortages remain the main constraints. Maintain BUY with a target price of Rmb77.60.

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Technical Analysis

Link Real Estate Investment Trust | 823 HK Page 15 →

- Support levels: HK$39.70/HK$38.60
- Resistance levels: HK$45.60/HK$47.88

Sino Biopharmaceutical | 1177 HK Page 15 →

- Support levels: HK$5.26/HK$5.15
- Resistance levels: HK$6.28/HK$6.59

Automobile

China Auto Sector Weekly (13 Nov 26)

Highlights

- NEV sales hit a monthly record of 1.94m units in October on exports; domestic NEV sales fell 9% yoy.
- China extended its suspension of battery export controls to 10 Jan 27.
- Momenta forms a 51:49 intelligent-driving JV with SAIC Motor, which facilitates its foray into overseas markets.
- Hesai posted mixed 3Q26 results and expects robotics to contribute 50-60% of its revenue in 2027.
- XPeng will post its 3Q26 results on 16 Nov 26. We estimate 3Q26 net loss at Rmb1b (+162.6 yoy/-25.2% qoq) on ASP decline, gross margin squeeze, and spike in R&D expenses.
- Maintain MARKET WEIGHT. Top BUYs: BYD, Geely. Top SELLs: Li Auto, XPeng.

Analysis

- **October sales: Exports pushed NEV sales to a monthly record, while domestic demand weakened further.** The China Association of Automobile Manufacturers (CAAM) stated on 11 November that NEV sales, including exports and commercial vehicles, rose 13% yoy and 6% mom to 1.94m units in October, 64.3% of total vehicle sales. NEV exports rose 140% yoy to 606,000 units, while domestic NEV sales fell 9% yoy to 1.334m units, its 11th consecutive yoy decline.
  - **Retail sales came in below the preliminary estimate.** The China Passenger Car Association's (CPCA) final data put October passenger vehicle retail sales at 1.643m units, down 27% yoy, and NEV retail sales at 1.109m units, down 14% yoy, both below its preliminary estimates of 1.693m/1.148m units respectively. NEV penetration of retail sales rose to 67.5%.

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MARKET WEIGHT (Maintained)

Segmental Rating

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

Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (Lcy)	Target Price (Lcy)
BYD	1211 HK	BUY	67.55	100.00
Geely	175 HK	BUY	13.92	21.00
Li Auto	2015 HK	SELL	46.76	30.00
XPeng	9868 HK	SELL	38.14	30.00

Source: Bloomberg, UOB Kay Hian

Peer Comparison

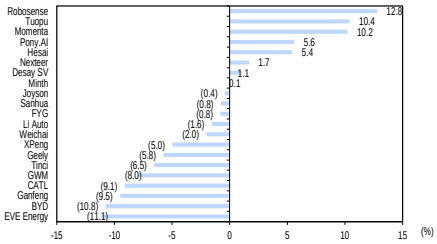
Company	Ticker	Rec	Price 12 Nov 26 (Lcy)	Target Price (Lcy)	Upside To TP (%)	Market Cap (Lcy m)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Price/ NAV (x)	Div Yield (%)	ROE (%)
BYD – H	1211 HK	BUY	67.55	100.00	48.0	248,814	12/25	16.1	15.4	10.1	1.9	0.7	15.4
Geely	175 HK	BUY	13.92	21.00	50.9	150,143	12/25	7.1	6.8	4.8	1.2	4.2	20.1
Great Wall Motor - H	2333 HK	HOLD	6.01	7.00	16.6	13,784	12/25	4.5	7.9	7.8	0.5	2.7	6.3
Li Auto	2015 HK	SELL	46.76	30.00	(35.8)	97,495	12/25	181.7	Loss	Loss	1.3	0.0	(11.5)
XPeng	9868 HK	SELL	38.14	30.00	(21.3)	59,888	12/25	Loss	Loss	Loss	2.4	0.0	(15.2)
Fuyao Glass - H	3606 HK	BUY	54.80	77.00	40.5	33,250	12/25	13.1	14.2	11.4	3.0	4.2	24.8
Huizhou Desay SV	002920 CH	BUY	81.97	105.00	28.1	48,920	12/25	19.9	19.3	17.0	2.8	1.6	15.6
Minth	425 HK	BUY	23.80	56.00	135.3	27,884	12/25	8.5	7.6	6.4	0.9	3.8	12.4
Nexteer	1316 HK	BUY	4.57	11.40	149.5	11,470	12/25	14.5	9.2	8.1	0.7	4.9	7.5
Ningbo Joyson	600699 CH	HOLD	21.56	19.00	(11.9)	30,091	12/25	22.7	31.7	27.5	1.8	0.6	5.9
Ningbo Tuopu	601689 CH	BUY	50.55	64.00	26.6	87,848	12/25	30.7	32.7	25.6	3.3	0.9	9.8
Weichai Power - H	2338 HK	BUY	23.20	31.00	33.6	45,079	12/25	15.8	11.4	9.2	1.7	5.3	13.4
Zhejiang Sanhua	002050 CH	BUY	34.61	41.00	18.5	129,146	12/25	36.2	34.0	27.7	4.2	1.2	13.7
Hesai	2525 HK	BUY	14.40	29.00	101.4	15,050	12/25	31.4	53.8	20.5	1.7	0.0	3.2
RoboSense	2498 HK	BUY	15.89	33.00	107.7	7,479	12/25	Loss	-22.4	42.7	1.8	0.0	(7.8)
Pony AI	PONY US	BUY	4.72	15.00	217.8	1,671	12/25	Loss	Loss	Loss	1.4	0.0	(13.4)
Momenta	6880 HK	BUY	153.20	270.00	76.2	31,590	12/26	Loss	Loss	Loss	1.9	0.0	n.a.
CATL	300750 CH	BUY	240.00	343.00	42.9	1,052,880	12/25	15.2	12.3	10.4	2.8	4.1	21.9
EVE Energy	300014 CH	BUY	47.00	57.00	21.3	103,763	12/25	23.6	14.5	12.4	2.1	1.7	10.6
Ganfeng Lithium - H	1772 HK	HOLD	23.60	24.00	1.7	11,401	12/25	26.2	6.8	11.9	0.8	2.9	12.9
Tinci Materials	002709 CH	SELL	27.11	19.00	(29.9)	55,265	12/25	38.4	9.7	15.3	2.4	2.8	5.4

Source: Bloomberg, UOB Kay Hian

- **Exports are now the only source of NEV volume growth**. Passenger NEV exports rose 145% yoy to 582,000 units, or about 344,000 units more than a year earlier, while domestic NEV retail sales fell by about 173,000 units. BYD and Geely exported about 165,000 and 80,000 NEVs respectively, making up 42% of the total, so exports, rather than the domestic market, are driving their volume growth.
- **November started weak**. Passenger vehicle retail sales fell 21% yoy to 293,000 units from 1-8 November and NEV retail sales fell 7% yoy to 219,000 units, according to the CPCA. The CPCA expects no year-end rally against last year's high base, and stated that carmakers are pushing stock into dealers to meet full-year targets, so wholesale data will overstate retail demand into December.
- **Domestic NEV sales face a high base in November**. They reached 1.52m units in November last year, which we attribute to buying ahead of the halving of the NEV purchase tax exemption on 1 Jan 26. Domestic NEV sales would need to rise 14% mom in November to stay flat yoy, while NEV retail sales were still down 7% yoy during 1-8 November. This favours exporters BYD and Geely over carmakers that rely on the domestic market, such as Li Auto.

- **China extends the suspension of its battery export controls by only two months.** The Ministry of Commerce (MOFCOM) and the General Administration of Customs stated on 9 Nov 26 that six export-control announcements from Oct 25 will stay suspended from 11 Nov 26 to 10 Jan 27. They cover lithium-ion batteries of at least 300Wh/kg, high-end lithium iron phosphate (LFP) cathode materials, ternary precursors, artificial graphite anode materials, superhard materials and four sets of rare-earth controls. The previous suspension, announced in Nov 25, ran for one year.
  - **No near-term change for exporters, but less certainty for overseas customers.** Exports of these products do not require a licence until 10 Jan 27, so there is no near-term impact on CATL (300750 CH/BUY/Target: Rmb343.00) or EVE Energy (300014 CH/BUY/Target: Rmb57.00). The two-month window, rather than one year, means the duration of the controls will depend on progress in US-China trade talks, leaving overseas customers with no certainty on supply beyond that date.
  - **The suspension runs on the same two-month clock as China's tariff truce with the US**. From 10 Nov 26, China also extended its suspension of the 24% additional tariff on US goods by two months, to implement the consensus reached at the US-China leaders' meeting in Washington. Both measures now lapse around 10 Jan 27, so the next decision on battery-material exports will come with the wider trade talks.
- **Momenta (6880 HK/BUY/Target: HK$270.00) will hold 51% of an intelligent-driving JV with SAIC Motor.** Momenta will subscribe for Rmb153m of the Rmb300m registered capital, and SAIC Motor (600104 CH) and its subsidiary Yandian Technology will hold the rest. The JV will supply Level 2 (L2) and Level 3 (L3) intelligent driving products across all of SAIC's vehicle platforms in China and abroad, so SAIC becomes a group-wide customer and Momenta will consolidate the JV's revenue. SAIC sold 1.33m vehicles overseas in 10M26, up 54% yoy and 37% of its total sales of 3.58m units, so a mandate that covers SAIC's vehicles abroad opens a tremendous overseas market for Momenta.
- **Ningbo Tuopu (601689 CH/BUY/Target: Rmb64.00) receives the filing notice for its H-share listing from the China Securities Regulatory Commission.** The filing covers up to 272.5m H-shares, or 13.6% of the enlarged share capital. At the 9 November A-share close of Rmb46.70, the maximum issue would raise about Rmb12.7b before any discount. The listing still needs approval from the Securities and Futures Commission and the Hong Kong Stock Exchange. According to its H-share application, Tuopu will use the proceeds mainly for R&D, humanoid robot components and auto parts capacity; its robot actuators generated only Rmb13.6m of revenue in 2025. A full issue would dilute EPS by up to 13.6%.

Weekly Stock Performance



Source: UOB Kay Hian

- **Nexteer (1316 HK/BUY/Target: HK$11.40) approves a share buyback of up to US$60m.** The programme, Nexteer's first, equals about HK$471m, or 4.1% of its market capitalisation at the 11 Nov 26 close of HK$4.61. It follows a dividend of about US$46m paid in July, 45% of 2025 net profit. Nexteer had net cash of US$545m at the end of 1H26, so the buyback uses 11% of it and leaves room for both capex on its Asia-Pacific expansion and dividends.
- **Hesai (2525 HK/BUY/Target: HK$29.00) posts mixed 3Q26 results, with beats on LiDAR ASP and Strategic Growth Initiatives (SGI) revenue offsetting the LiDAR shipment miss.** Adjusted net profit, stripping out a one-off gain in 3Q25, grew 16% yoy, as LiDAR operating profit rose 88% yoy to Rmb146m, partly offset by an operating loss of Rmb83m in SGI.
  - **Shipments missed, but ASP beat**. LiDAR shipments missed estimates at 729,673 units (+65% yoy/+16% qoq), dragged by robotic lawn mower LiDAR sales. Blended ASP beat estimates at Rmb1,334 (-24% yoy/+3% qoq) due to sales mix optimisation. SGI revenue doubled qoq to Rmb90.5m. Total revenue grew 34% yoy to Rmb1,068m, vs the company's guidance of Rmb1.1b-1.15b. The company guides for Rmb1.1b-1.15b 4Q26 revenue (up 10-15% yoy, flat qoq). Gross margin held up well at 41.0% (-1.1ppt yoy/+0.9ppt qoq), and management expects 39-40% gross margin in 2026.
  - **Stable ADAS LiDAR prices and robotics will drive earnings**. ADAS LiDAR prices are stabilising as competition turns more rational after industry consolidation. Hesai expects robotics to contribute 50-60% of revenue in 2027, up from 40-50% in 2026. The rising share of the high-end robotics products in sales mix will boost blended ASP and gross margin, as these products boast an ASP of Rmb2,000-30,000 and gross margin of 40-50%, vs under Rmb1,000 and 30-35% for ADAS LiDARs.
  - **Earnings to grow at 73% two-year CAGR in 2027-28**. We maintain our 2027-28 adjusted net profit forecasts at Rmb400m/Rmb758b/Rmb1.2b respectively. Our target price of HK$29.00 is based on a 10-year DCF (WACC: 15%/terminal growth: 4%), implying 6.3x 2027F PS.
- **XPeng (9868 HK/SELL/Target: HK$30.00) – 3Q26 results preview.** The company is due to release its 3Q26 results on 16 Nov 26 (Mon).
  - **Deliveries rose 2.1% yoy and 14.6% qoq to 118,390 units, but growth was supply-capped**: MONA L03 hit a production bottleneck, leaving volume at guidance midpoint. Locked orders grew over 50% qoq to record high confirm demand; MONA made up 57% of mix, diluting ASP to about Rmb183,000 (-4% qoq).
  - **We expect 3Q26 net loss at Rmb1b (+162.6 yoy/-25.2% qoq)**. Yoy widening reflects a tough base, vehicle margin at 12% (vs 14%), lower IP licensing, and R&D of Rmb29b (+32% yoy); qoq narrowing reflects volume leverage and expense discipline, not margin recovery, with gross margin at about 17.6% (-3.1ppts qoq).

Valuation/Recommendation

- **Maintain MARKET WEIGHT** on China's auto sector. Our preference for segments in descending order is OEMs > auto parts > battery > battery materials.
- **Top BUYs: BYD and Geely. Top SELLs: Li Auto and XPeng.**

Sector Catalyst/Risk

- **Catalysts:** 3Q26 results of XPeng (16 November), Pony AI (18 November) and Li Auto (25 November); the Guangzhou Auto Show from 27 November; November sales data in early-December; the Central Economic Work Conference in mid-December.
- **Risks:** A lapse of the export-control and tariff suspensions after 10 Jan 27; a deeper domestic price war; export barriers in Europe, Brazil and Mexico; lithium carbonate price volatility.

LINK REIT (823 HK)

1HFY27: DPU Slightly Ahead; Solid Strategy Execution To Sharpen Focus On Retail In Asia Pacific

Highlights

- 1HFY27 DPU rose 0.3% yoy to 127.25 HK cents, accounting for 51% of our FY27 forecast and slightly ahead of our expectations.
- Hong Kong tenant sales was broadly stable (-0.2% yoy), while retail rental reversion was -7.5%. Management reiterated guidance for FY27 Hong Kong rental reversion and is planning HK$1b-2b of buybacks in 2HFY27.
- We raise FY27-29 earnings by 0.5% on lower G&A. Maintain BUY with a higher target price of HK$45.70 (DDM, terminal growth 3.2%).

1HFY27 Results

Year to 31 Mar (HK$m)	1HFY27	2HFY26	1HFY26	yoy	hoh
Total Revenue	6,909	6,915	7,023	-1.6%	-0.1%
-Hong Kong retail and office properties	3,735	3,742	3,849	-3.0%	-0.2%
Total retail revenue of Hong Kong	3,599	3,606	3,711	-3.0%	-0.2%
Total office revenue of Hong Kong	136	136	138	-1.4%	+0.0%
-Hong Kong car parks & related	1,231	1,262	1,257	-2.1%	-2.5%
-Mainland China retail, office & logistics	1,017	973	988	+2.9%	+4.5%
-Overseas retail, office & logistics	926	938	929	-0.3%	-1.3%
Net Property Income (NPI)	5,135	5,052	5,178	-0.8%	+1.6%
NPI margin	74.3%	73.1%	73.7%	+0.6ppt	+1.3ppt
G&A expenses	365	368	461	-20.8%	-0.8%
Distributable Amount	3,295	3,294	3,283	+0.4%	+0.0%
DPU (HK cent)	127.25	126.73	126.88	+0.3%	+0.4%
	Sep-26	Mar-26	Sep-25	yoy	hoh
NAV per unit (HK$)	56.99	57.75	61.19	-6.9%	-1.3%
Property valuation (HK$m)	213,298	216,489	222,856	-4.3%	-1.5%
Net gearing ratio (%)	23.3	23.9	22.5	+0.8ppt	-0.6ppt
Cost of debt (%)	3.29	3.44	3.22	+0.07ppt	-0.15ppt
Fixed debt ratio (%)	61.0	60.0	65.8	-4.8ppt	+1.0ppt

Source: LINK REIT, UOB Kay Hian

Analysis

- **1HFY27 results slightly ahead of our expectations.** DPU rose 0.3% yoy to HK$1.2725, 51% of our full-year estimate. Revenue fell 1.6% yoy and NPI fell 0.8% yoy due to negative Hong Kong retail rental reversion (-7.5% vs -8.2% in FY26). Cost control partly offset this - NPI margin rose 0.6ppt to 74.3% and G&A fell 21%. Valuation fell 1.5% hoh to HK$213.3b. This was mainly due to the disposals of Swing By @ Thomson Plaza and a 50% stake in 100 Market Street, in addition to lower Hong Kong market rents. Hong Kong cap rates were unchanged. Net gearing fell 0.6ppt hoh to 23.3% on lower net debt. Average all-in borrowing cost rose 7bps yoy to 3.29%.

Key Financials

Year to 31 Mar (HK$m)	2025	2026	2027F	2028F	2029F
Net turnover	14,223	13,938	13,613	13,589	13,670
EBITDA	9,790	9,491	9,407	9,391	9,447
Operating profit	9,704	9,401	9,325	9,309	9,364
Net profit (rep./act.)	(8,863)	(7,397)	7,052	6,740	6,820
Net profit (adj.)	7,025	6,577	6,537	6,540	6,620
EPS (HK$)	272.0	274.7	258.2	256.7	258.1
PE (x)	15.3	15.1	16.1	16.2	16.1
P/B (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	16.2	16.7	16.9	16.9	16.8
Dividend yield (%)	6.6	6.1	6.0	6.0	6.0
Net margin (%)	(62.3)	(53.1)	51.8	49.6	49.9
Net debt/(cash) to equity (%)	30.3	35.1	34.3	34.4	34.3
Interest cover (x)	5.2	5.0	5.1	5.1	5.1
ROE (%)	(5.2)	(4.7)	4.7	4.5	4.5
Consensus net profit (HK$m)	-	-	6,506.1	6,526.2	6,682.6
UOBKH/Consensus (x)	-	-	1.00	1.00	0.99

Source: REIT, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	HK$41.50
Target Price	HK$45.70
Upside	+10.1%
Previous TP	HK$44.30

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	823 HK
Shares issued (m):	2,582.4
Market Cap (HK$m):	107,169.4533
Market cap (US$m):	13,661.4
3-mth avg t'over (US$m):	38.6

Price Performance (%)

52-week high/low				HK$42.18/HK$34.12
1mth	3mth	6mth	1yr	YTD
9.9	7.5	0.2	(1.3)	19.5

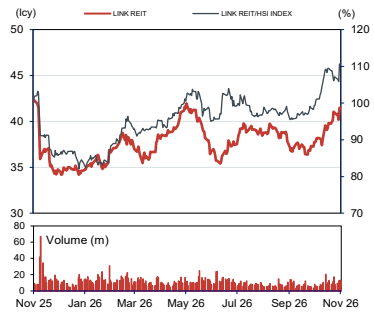
Major Shareholders (%)

Blackrock	8.99

Balance Sheet Metrics

FY27 NAV/Share (HK$)	57.87
FY27 Net Debt/ Share (HK$)	19.85

Price Chart



Source: Bloomberg

Company Description

Link REIT is the first REIT in Hong Kong and currently the largest in Asia in terms of market capitalisation. Spanning Hong Kong, the Chinese Mainland, Singapore, Australia and the United Kingdom, its portfolio comprises mainly retail properties and car parks, together with office and logistics assets.

- **Hong Kong tenant sales stabilised, but still lagged the Hong Kong retail market.** Link REIT's Hong Kong tenant sales fell 0.2% yoy in 1HFY27 (1HFY26: -2.1%), driven by a 2.5% yoy growth in F&B tenant sales, and still lagged the Hong Kong retail market (+5.3%). Rental reversion was -7.5%, narrower than -8.2% in FY26, and in line with management guidance. Occupancy dropped 0.8ppt hoh to 97.0%. The non-discretionary spending environment remained challenging, although active tenant remixing helped mitigate some of the pressure.
- **Improvement in Mainland retail portfolio; overseas retail remained positive.** Chinese Mainland retail rental reversion narrowed to -8.7% from -14.3% in FY26 and occupancy rose by 0.9ppt hoh to 97.5%. Footfall and tenant sales of the Mainland retail portfolio both grew yoy, despite subdued consumer sentiment in Beijing. Singapore (+8.0%) and Australia (+17.8%) retail rental reversions stayed positive.
- **Stable carpark business.** Hong Kong carparks and related business revenue fell 2.1% yoy to HK$1.23b, but was flat (+0.2%) excluding free parking, which does not contribute to NPI, as hourly income rose 4.2% yoy and monthly income fell 1.6% yoy. Despite a softening in demand for carparks due to a decline in car ownership, the carpark business remained resilient.
- **Active capital recycling.** Link REIT has completed/agreed on four disposals in 2026, recycling a total of estimated HK$6.3b (see table below). Its agreement on 10 Nov 26 to buy a 50.1% stake in Eastpoint Mall in Singapore for S$239m (about HK$1.47b) is its first acquisition since 2024. We think the company has consistently executed the strategy set out in early-26, and has been actively disposing of non-core assets. We expect Eastpoint's mid-4% entry yield to exceed our estimated <4% exit yield for Swing By @ Thomson Plaza, offering potential for accretive capital recycling.
- **Reiterates FY27 guidance; unit buybacks to continue.** Management reiterated its FY27 guidance for Hong Kong rental reversion to remain broadly in line with FY26's -8.2%, alongside its target of stable earnings through cost control. Link REIT repurchased over 38m units for around HK$1.5b in 1HFY27 and intends to buy back a further HK$1b–2b in 2HFY27, subject to valuation.

Occupancy rates

	------- Hong Kong -----		---------- Mainland China -------			Singapore	Australia	International
	Retail	Office	Retail	Office	Logistic	Retail	Retail	Office
1HFY27	97.0%	99.6%	97.5%	95.9%	97.5%	99.2%	99.8%	88.1%
1QFY27	97.5%	99.6%	96.0%	94.8%	97.5%	98.1%	96.5%	86.7%
FY26	97.8%	99.6%	96.6%	95.7%	97.9%	98.2%	99.5%	87.7%
3QFY26	97.0%	99.6%	95.3%	96.1%	97.4%	98.8%	98.4%	87.5%
1HFY26	97.6%	99.6%	95.9%	96.0%	96.6%	99.8%	98.1%	87.0%
1QFY26	97.6%	99.2%	95.4%	92.4%	97.5%	99.8%	99.5%	85.5%
FY25	97.8%	99.2%	95.9%	95.4%	97.4%	99.6%	99.0%	85.5%

Source: LINK REIT, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY, raise target price by 3.2% to HK$45.70.** We are positive on Link REIT's effective strategy execution towards a simpler and sharpened portfolio. With a slightly higher DPU forecast, higher risk-free rate of 3.5% and higher terminal growth of 3.2% (from 2.5% previously), we raise our target price by 3.2% to HK$45.70, derived from a DDM model. This implies a 5.5% FY27 DPU yield.

Earnings Revision/Risk

- **Raise FY7/28/29 earnings by 0.5%/0.5%/0.5 respectively to factor in lower G&A expenses.**

Share Price Catalyst

- Stronger-than-expected recovery in Hong Kong retail sales.

Tenant sales performance

	F&B	Supermarket & Food	General Retail	Overall
1HFY27	2.5%	-2.2%	-1.4%	-0.2%
1QFY27	1.5%	-1.9%	-3.3%	-1.1%
FY26	1.2%	-0.5%	-3.6%	-1.0%
3QFY26	1.1%	-0.4%	-5.1%	-1.5%
1HFY26	-0.1%	0.5%	-6.0%	-2.1%
1QFY26	1.6%	0.4%	-3.8%	-0.8%
FY25	0.2%	-3.4%	-5.5%	-3.0%
3QFY25	0.0%	-3.9%	-5.5%	-3.3%

Source: LINK REIT, UOB Kay Hian

Rental reversion

	Hong Kong Retail	Mainland China Retail
1HFY27	-7.5%	-8.7%
1QFY27	Negative mid single-digit *	Under pressure *
FY26	-8.2%	-14.3%
3QFY26	-7.5%	South positive; North negative
1HFY26	-6.4%	-16.4%
1QFY26	Negative mid single-digit	Beijing saw pressure
FY25	-2.2%	-0.7%
3QFY25	negative low single digit	n/a
1HFY25	0.7%	-3.2%

Source: LINK REIT, UOB Kay Hian

Disposals in 2026

Asset	Consideration	vs latest book / appraised value	vs original cost	Completion
Swing By @ Thomson Plaza (Singapore)	S$250m	+17.3% vs Mar-26 book (S$213m)	+45% vs S$172.5m (2023)	Completed 2 Jun 26
50% of 100 Market Street (Sydney)	A$225.9m	At May-26 appraised value (A$451.8m for 100%)	-34% vs A$683m (2020, 100%)	Completed 30 Sep 26
700 Nathan Road (Hong Kong)	HK$2.3b	-8.6% vs Sep-26 appraised value	-61% vs HK$5.91b (2016)	Scheduled 29 Jan 27
Mainland logistics portfolio (5 assets)	Rmb1.1b*	-3.4% vs Sep-26 valuation*	-35% vs ~Rmb1.70b* (2021-22)	Expected 4QFY27
Total	~HK$6.3b			

*Source: LINK REIT, UOB Kay Hian. *Attributable to Link REIT; original cost of the logistics assets from 2021-22 press reports (Rmb947m for the three Yangtze River Delta warehouses, Rmb754m for 75% of the two Greater Bay Area assets).*

Profit & Loss

Year to 31 Mar (HK$m)	2026	2027F	2028F	2029F
Net turnover	13,938.0	13,612.5	13,589.1	13,670.2
EBITDA	9,491.0	9,406.9	9,390.7	9,446.7
Deprec. & amort.	90.0	82.3	82.2	82.7
EBIT	9,401.0	9,324.6	9,308.6	9,364.1
Total other non-operating income	(14,535.0)	315.0	0.0	0.0
Associate contributions	187.0	100.0	100.0	150.0
Net interest income/(expense)	(1,897.0)	(1,832.8)	(1,847.4)	(1,860.4)
Pre-tax profit	(6,844.0)	7,906.8	7,561.1	7,653.7
Tax	(947.0)	(1,055.1)	(1,020.8)	(1,033.2)
Minorities	394.0	200.0	200.0	200.0
Net profit	(7,397.0)	6,536.7	6,540.4	6,620.5
Net profit (adj.)	6,577.0	6,536.7	6,540.4	6,620.5

Balance Sheet

Year to 31 Mar (HK$m)	2026	2027F	2028F	2029F
Fixed assets	1,261.0	1,151.3	1,135.1	1,118.8
Other LT assets	212,044.0	213,361.0	214,461.0	215,611.0
Cash/ST investment	3,664.0	4,500.0	4,140.7	3,846.5
Other current assets	2,812.0	1,442.5	1,440.6	1,447.0
Total assets	219,781.0	220,454.8	221,177.4	222,023.2
ST debt	11,756.0	11,756.0	11,756.0	11,756.0
Other current liabilities	5,168.0	5,059.2	5,051.4	5,078.5
LT debt	44,535.0	44,535.0	44,535.0	44,535.0
Other LT liabilities	8,425.0	8,425.0	8,425.0	8,425.0
Shareholders' equity	150,096.0	150,978.9	151,809.4	152,678.1
Minority interest	(386.0)	(386.0)	(386.0)	(386.0)
Total liabilities & equity	219,781.0	220,555.1	221,377.8	222,273.6

Cash Flow

Year to 31 Mar (HK$m)	2026	2027F	2028F	2029F
Operating	8,461.0	8,368.5	8,464.0	8,584.2
Profit fo the year	(6,844.0)	7,906.8	7,561.1	7,653.7
Tax	(947.0)	(1,055.1)	(1,020.8)	(1,033.2)
Deprec. & amort.	90.0	82.3	82.2	82.7
Associates	(187.0)	(100.0)	(100.0)	(150.0)
Working capital changes	(148.0)	(83.2)	(6.0)	20.7
Non-cash items	14,535.0	0.0	0.0	0.0
Other operating cashflows	1,962.0	1,617.8	1,947.4	2,010.4
Investing	(1,740.0)	606.4	(943.2)	(956.5)
Capex (growth)	(39.0)	(66.0)	(65.9)	(66.3)
Investment	209,556.0	209,336.0	210,336.0	211,336.0
Others	(211,257.0)	(210,198.6)	(211,213.2)	(212,226.2)
Financing	(6,460.0)	(8,138.9)	(7,880.1)	(7,921.9)
Dividend payments	(6,220.0)	(5,928.2)	(5,909.9)	(5,951.7)
Proceeds from borrowings	26,792.0	0.0	0.0	0.0
Loan repayment	(25,049.0)	0.0	0.0	0.0
Others/interest paid	(1,983.0)	(2,210.7)	(1,970.2)	(1,970.2)
Net cash inflow (outflow)	261.0	836.0	(359.3)	(294.2)
Beginning cash & cash equivalent	3,343.0	3,664.0	4,500.0	4,140.7
Changes due to forex impact	60.0	0.0	0.0	0.0
Ending cash & cash equivalent	3,664.0	4,500.0	4,140.7	3,846.5

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	68.1	69.1	69.1	69.1
Pre-tax margin	(49.1)	58.1	55.6	56.0
Net margin	(53.1)	51.8	49.6	49.9
ROA	(3.3)	3.2	3.1	3.1
ROE	(4.7)	4.7	4.5	4.5
Growth				
Turnover	(2.0)	(2.3)	(0.2)	0.6
EBITDA	(3.1)	(0.9)	(0.2)	0.6
Pre-tax profit	n.a.	n.a.	(4.4)	1.2
Net profit	n.a.	n.a.	(4.4)	1.2
Net profit (adj.)	1.6	(5.6)	0.1	1.2
EPS	1.0	(6.0)	(0.6)	0.6
Leverage				
Debt to total capital	27.3	27.2	27.1	27.0
Debt to equity	37.5	37.3	37.1	36.9
Net debt/(cash) to equity	35.1	34.3	34.4	34.3
Interest cover (x)	5.0	5.1	5.1	5.1

Edge Medical (2675 HK)

Price War Clouds 2026 Revenue; Seeking Strategic Shift Toward High-end Market Via New Product Launches

Highlights

- Our industry check has shown that fierce price competition in the surgical robot segment may lead to slower-than-expected revenue growth and depress profit margins for Edge Medical in 2026.
- Edge Medical expects to launch new products in 2027 competing directly with Intuitive Surgical's most advanced model – da Vinci 5. The move will also allow the company to price the new products at favourable prices and promote a strategic shift towards high-end market share.
- Maintain BUY with a lower target price of HK$37.00 to reflect short-term price pressure.

Analysis

- **Intensifying competition depresses product price.** Our channel check indicates there is significant price competition among domestic surgical robotic players in both China and overseas. Edge Medical's domestic product prices have lowered to Rmb7.5m-Rmb10m per unit compared with approximately Rmb12m-Rmb13m in 2025. Facing price competition from peers, the company has also lowered its price by 15-16% overseas in an effort to attract customers and expand market presence.
- **Overseas sales volume remains strong.** With continued globalisation effort, Edge Medical has continued to see robust volume growth in the international markets, eg in the EU, Southeast Aisa and other emerging markets. We are confident that the company will achieve its targeted total sales volume of 120-130 units in 2026, up approximately 70% from 2025. This supports strong momentum in overseas revenue in 2H26.
- **Launching advanced products to capture high-end market share and support robust revenue and earnings expansion in 2027 and beyond.** Amid intensifying competition, Edge Medical has further enhanced its brand strategy by localising operations, enhancing services, and through continued technological advancement to sustain rapid growth in the global market. It expects to launch new high-end surgical robot model in 2027. With enhanced visualisation and ergonomics, massive computing power, and greater surgeon autonomy, the new products will position the company at the forefront of the domestic players, competing directly with Intuitive Surgical's most advanced model – da Vinci 5. The move will also allow the company to price these new products at favourable prices and promote a strategic shift towards high-end market share.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	160	456	708	1,094	1,591
EBITDA	(270)	(118)	(7)	137	288
Operating profit	(244)	(93)	(1)	145	298
Net profit (rep./act.)	(219)	(78)	12	134	265
Net profit (adj.)	(219)	(10)	12	134	265
EPS (Fen)	(60.7)	(2.7)	3.3	37.2	73.5
PE (x)	(39.0)	(863.2)	711.8	63.6	32.2
P/B (x)	6.8	7.1	3.7	3.5	3.1
EV/EBITDA (x)	(34.4)	(78.8)	(1,329.6)	67.7	32.2
Dividend yield (%)	-	-	-	-	-
Net margin (%)	(136.6)	(2.2)	1.7	12.3	16.6
Net debt/(cash) to equity (%)	(9.5)	(7.2)	(64.7)	(62.8)	(61.9)
Interest cover (x)	n.m.	n.m.	n.m.	n.m.	n.m.
ROE (%)	(16.2)	(6.3)	0.7	5.6	10.2
Consensus net profit	-	-	67	184	319
UOBKH/Consensus (x)	-	-	0.18	0.73	0.83

Source: Edge Medical, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	HK$27.88
Target Price	HK$37.00
Upside	32.7%
Previous TP	HK$56.00

Stock Data

Sector	Health Care
Bloomberg ticker	2675 HK
Shares issued (m)	323
Market cap (HK$m)	10,796
Market cap (US$m)	1,376
3-mth avg daily t'over (US$m)	1.6

Price Performance (%)

52-week high/low				HK$73.70/HK$25.38
1mth	3mth	6mth	1yr	YTD
(15.2)	(30.5)	(46.4)	n.a.	n.a.

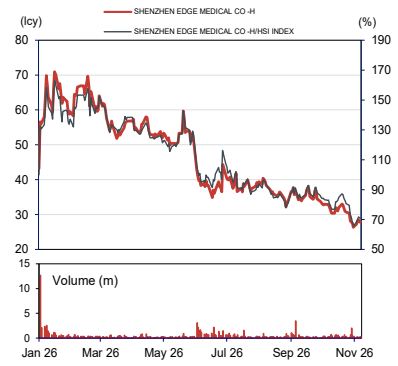
Major Shareholders (%)

Dr. Wang Jianchen	25.97
Dr. Gao Yuanqian	11.19

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	6.46
FY26 Net Cash/Share (Rmb)	4.66

Price Chart



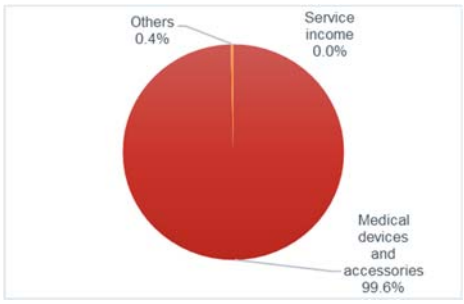
Source: Bloomberg

Company Description

Edge Medical is a leading Chinese surgical robot developer and manufacturer.

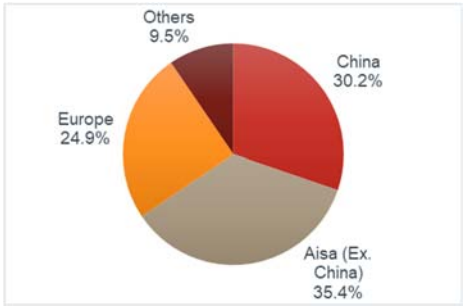
- **Expects slower revenue growth in 2H26, but confident to achieve earnings breakeven target in 2026.** Given the significantly lower product prices, the domestic sales growth is likely to be sluggish or turn negative in the 2H26, while its international business may continue its rapid expansion on strong volume growth. We estimate total revenue for 2026 to be approximately Rmb708m, compared with our previous estimates of Rmb843m. Overseas revenue could make up more than 70% of total sales in 2026. We believe the lower product prices will also lead to a decrease in profit margins in 2026. However, Edge Medical keeps its target of earnings breakeven from 2026 onwards unchanged by tightening cost control to improve operating efficiency.
- **Key strategies for continuous growth.** Despite of the intensifying market competition, the company continues enforcing its key strategies for sustainable growth: a) developing new devices and features to enhance system performance and human-machine interaction for more complex surgical scenarios; b) deepening domestic coverage while expanding overseas via localised teams and services; c) building a global telesurgery network to strengthen its market leadership; and d) driving intelligence through AI integration. While greater international exposure introduces incremental foreign exchange risk, we believe overseas growth will continue to drive revenue and deliver net earnings in 2H26 and beyond. With continuous technology advancement and rapid international business expansion, we are confident that Edge Medical will achieve robust growth in both revenue and net earnings in 2027. The company's growth outlook remains bright for the next few years.

Segmental Revenue (1H26)



Source: Edge Medical, UOB Kay Hian

Regional Revenue (1H26)



Source: Edge Medical, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY and lower target price to HK$37.00** based on our DCF model, assuming WACC of 11.6% and terminal growth rate of 3.0%.

Earnings Revision/Risk

- We trim our revenue growth and gross margin assumptions accordingly to reflect the significant price pressure in both China and overseas. As a result, our estimated revenue and adjusted net earnings decrease from Rmb843m/Rmb1,476m/Rmb2,361m and Rmb88m/Rmb265m/Rmb502m to about Rmb708m/Rmb1,094m/Rmb1,591m and Rmb12m/Rmb134m/Rmb265m for 2026F/27F/28F, respectively.
- **Risks:** a) Further strengthening of renminbi against other currencies, b) volume-based procurement and hospital capex pressure in China, c) intensifying competition from Intuitive Surgical and domestic peers may lead to further lower product prices, and d) risks in lock-up expiration in Jan 27.

Share Price Catalyst

- a) New product and market approvals, and b) faster-than-expected overseas business expansion.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	456	708	1,094	1,591
EBITDA	(118)	(7)	137	288
Deprec. & amort.	(25)	(6)	(8)	(10)
EBIT	(93)	(1)	145	298
Associate contributions	-	-	-	-
Net interest income/(expense)	5	13	13	13
Pre-tax profit	(78)	12	158	311
Tax	-	-	(24)	(47)
Minorities	-	-	-	-
Net profit	(78)	12	134	265
Net profit (adj.)	(10)	12	134	265

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	42	66	109	179
Other LT assets	9	9	9	9
Cash/ST investment	86	1,505	1,545	1,686
Other current assets	1,248	1,012	1,131	1,285
Total assets	1,386	2,593	2,794	3,159
ST debt	-	-	-	-
Other current liabilities	164	214	281	381
LT debt	-	-	-	-
Other LT liabilities	23	52	52	52
Shareholders' equity	1,199	2,327	2,461	2,726
Minority interest	-	-	-	-
Total liabilities & equity	1,386	2,593	2,794	3,159

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	(194)	320	77	208
Pre-tax profit	(89)	12	134	265
Tax	-	-	-	-
Deprec. & amort.	7	-	-	-
Working capital changes	(95)	64	11	21
Non-cash items	-	-	-	-
Other operating cashflows	(18)	244	(68)	(78)
Investing	170	(17)	(37)	(67)
Capex (growth)	(3)	(30)	(50)	(80)
Proceeds from sale of assets	1,124	-	-	-
Others	(950)	14	14	14
Financing	(9)	1,116	(1)	(1)
Dividend payments	-	-	-	-
Issue of shares	-	-	-	-
Proceeds from borrowings	(7)	-	-	-
Loan repayment	(1)	-	-	-
Others/interest paid	(1)	1,116	(1)	(1)
Net cash inflow (outflow)	(33)	1,419	40	141
Beginning cash & cash equivalent	120	86	1,505	1,545
Changes due to forex impact	(1)	-	-	-
Ending cash & cash equivalent	86	1,505	1,545	1,686

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	66.0	59.5	60.0	61.0
Pre-tax margin	(17.1)	1.7	14.4	19.6
Net margin	(17.1)	1.7	12.3	16.6
ROA	(5.7)	0.6	5.0	8.9
ROE	(6.3)	0.7	5.6	10.2
Growth				
Turnover	184.8	55.3	54.6	45.4
Gross profit	206.5	40.0	55.9	47.8
Pre-tax profit	(64.3)	(115.4)	1,216.0	97.4
Net profit	(64.3)	(115.4)	1,018.6	97.4
Net profit (adj.)	(95.5)	(221.3)	1,018.6	97.4
EPS	(95.5)	(221.3)	1,018.6	97.4
Leverage				
Debt to total capital	-	-	-	-
Debt to equity	-	-	-	-
Net debt/(cash) to equity	(7.2)	(64.7)	(62.8)	(61.9)
Interest cover	n.m.	n.m.	n.m.	n.m.

Foxconn Industrial Internet (601138 CH)

Takeaways From 3Q26 Hon Hai Precision Earnings Call

Highlights

- Cloud and networking should sustain strong growth, supported by AI-rack share gains, robust CSP capex and additional NeoCloud customers.
- Rapid ASIC growth, consignment and higher vertically integrated content should support gross margin, capital efficiency and long-term earnings quality.
- Maintain BUY with a target price of Rmb77.60.

Analysis

- **Cloud & networking remains the core growth driver.** 3Q26 performance exceeded management's already optimistic expectations, underpinned by strong AI-server demand and shipments of new-generation AI racks. Management expects momentum to extend into 4Q26, with AI-rack shipments delivering high double-digit qoq growth and general-server revenue growing moderately. For 2027, AI-rack shipments should maintain high double-digit growth, with further NeoCloud customer additions driving market share gains.
- **ASIC growth should support higher value-added and capital efficiency.** Many ASIC servers use a consignment model, under which customers provide the chips. As their value is excluded from both revenue and cost of goods sold, reported revenue is lower while gross margin is higher. ASIC servers also demand for greater customisation across system architecture, motherboards, power, liquid cooling and high-speed interconnects allowing Hon Hai to increase component content through vertical integration. In 3Q26, ASIC AI-server shipments rose 150% yoy, outpacing the 70% yoy growth in GPU AI servers, with their ASIC servers' share of AI-server shipments expected to rise from 27.8% in 2026 to 40% by 2030.
- **Management remains cautiously optimistic on 2027,** despite strong AI-server demand and order visibility. Key concerns include continued chip and memory shortages across the broader supply chain, as well as macroeconomic uncertainty and geopolitical and policy risks.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	609,135	902,887	1,440,241	1,906,409	2,122,869
EBITDA	33,432	52,470	82,761	103,563	111,197
Operating profit	26,836	44,001	74,310	94,476	101,309
Net profit (rep./act.)	23,216	35,286	61,777	82,123	88,663
Net profit (adj.)	23,414	34,001	60,088	82,123	88,663
EPS (Fen)	117.8	171.2	302.6	413.5	446.5
PE (x)	36.8	25.3	14.3	10.5	9.7
P/B (x)	5.6	5.2	4.1	3.3	2.9
EV/EBITDA (x)	29.4	18.8	11.9	9.5	8.9
Dividend yield (%)	1.5	2.3	4.0	5.3	5.7
Net margin (%)	3.8	3.9	4.3	4.3	4.2
Net debt/(cash) to equity (%)	(23.9)	(3.5)	(0.0)	(8.1)	(18.8)
Interest cover (x)	51.0	(31.4)	(21.0)	(32.5)	(40.5)
ROE (%)	15.9	22.1	32.9	35.2	31.8
Consensus net profit	-	-	61,477	83,478	107,470
UOBKH/Consensus (x)	-	-	1.00	0.98	0.82

Source: FII, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	Rmb43.35
Target Price	Rmb77.60
Upside	+79.0%
Previous TP	Rmb77.60

Stock Data

Sector	EMS/ODM
Bloomberg ticker	601138 CH
Shares issued (m)	19,844
Market cap (Rmbm)	860,241
Market cap (US$m)	128,062
3-mth avg daily t'over (US$m)	821.1

Price Performance (%)

52-week high/low				Rmb84.95/Rmb40.52
1mth	3mth	6mth	1yr	YTD
(16.7)	(33.9)	(32.7)	(36.8)	(30.1)

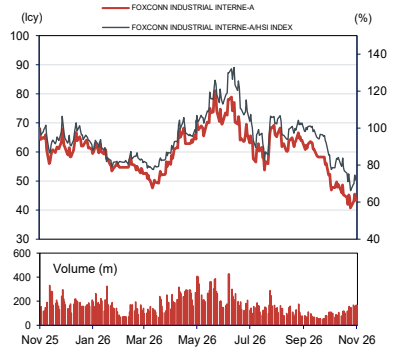
Major Shareholders (%)

Futaihua Industry Shenzhen	21.99

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	10.24
FY26 Net Debt/Share (Rmb)	0.00

Price Chart



Source: Bloomberg

Company Description

Foxconn Industrial Internet operates as a communication network equipment development company. It develops and sells network switches, routers, wireless devices, webservers, set top boxes, smart home gateways, and other products. The company also manufactures storage equipment.

- **The US midterm election should have limited near-term impact,** although longer-term uncertainty remains. Data-center orders have already been placed, and customers could accelerate deployments to secure computing capacity. Management expects limited near-term disruption while long-term implications remain uncertain.
- **Data-center site readiness is emerging as the key constraint on AI-rack deployment.** Previous manufacturing issues have eased materially as greater automation has lifted production yields. The bottleneck has therefore shifted downstream to customers' data-center site readiness and rack deployment schedules.

Valuation/Recommendation

- **Maintain BUY with a target price of Rmb77.60,** based on 18.8x 2027F PE, pegged to 1SD above the historical mean.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	902,887	1,440,241	1,906,409	2,122,869
EBITDA	52,470	82,761	103,563	111,197
Deprec. & amort.	(8,469)	(8,451)	(9,087)	(9,888)
EBIT	44,001	74,310	94,476	101,309
Total other non-op. income	(1,285)	(1,689)	-	-
Associate contributions	-	-	-	-
Net interest income/(expense)	(1,673)	(3,945)	(3,182)	(2,746)
Pre-tax profit	41,042	68,676	91,294	98,563
Tax	(5,713)	(6,868)	(9,129)	(9,856)
Minorities	(44)	(31)	(41)	(44)
Net profit	35,286	61,777	82,123	88,663
Net profit (adj.)	34,001	60,088	82,123	88,663

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	24,037	24,558	24,538	23,977
Other LT assets	29,393	22,628	20,993	19,097
Cash/ST investment	94,759	104,323	125,054	160,601
Other current assets	308,034	475,418	523,143	582,964
Total assets	456,224	626,927	693,728	786,640
ST debt	104,229	104,229	104,229	104,229
Other current liabilities	176,170	302,827	321,517	370,992
LT debt	4	4	4	4
Other LT liabilities	8,707	8,707	8,707	8,707
Shareholders' equity	166,778	209,104	257,174	300,567
Minority interest	336	367	408	452
Total liabilities & equity	456,224	625,238	692,039	784,951

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	5,238	40,481	65,399	90,995
Pre-tax profit	41,042	68,676	91,294	98,563
Tax	(5,713)	(6,868)	(9,129)	(9,856)
Deprec. & amort.	8,469	8,451	9,087	9,888
Associates	-	-	-	-
Working capital changes	(43,942)	(55,993)	(29,034)	(10,346)
Non-cash items	5,381	26,216	3,182	2,746
Other operating cashflows	2,584	20,581	-	-
Investing	(29,746)	(7,522)	(7,432)	(7,432)
Capex (growth)	(17,230)	(7,522)	(7,432)	(7,432)
Investment	(13,456)	-	-	-
Proceeds from sale of assets	785	-	-	-
Others	155	-	-	-
Financing	47,397	(23,396)	(37,236)	(48,015)
Dividend payments	(16,740)	(23,396)	(37,236)	(48,015)
Issue of shares	-	-	-	-
Proceeds from borrowings	106,204	135,000	135,000	135,000
Loan repayment	(39,780)	(135,000)	(135,000)	(135,000)
Others/interest paid	(2,287)	-	-	-
Net cash inflow (outflow)	22,888	9,564	20,731	35,548
Beginning cash & cash equiv.	72,311	94,759	104,323	125,054
Changes due to forex impact	(440)	-	-	-
Ending cash & cash equiv.	94,759	104,323	125,054	160,601

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	7.0	6.8	6.6	6.4
Pre-tax margin	4.5	4.8	4.8	4.6
Net margin	3.9	4.3	4.3	4.2
ROA	9.1	11.4	12.4	12.0
ROE	22.1	32.9	35.2	31.8
Growth (% yoy)				
Turnover	48.2	59.5	32.4	11.4
Gross profit	42.1	56.5	27.1	8.3
Pre-tax profit	58.0	67.3	32.9	8.0
Net profit	52.0	75.1	32.9	8.0
Net profit (adj.)	45.2	76.7	36.7	8.0
EPS	52.1	75.1	32.9	8.0
Leverage				
Debt to total capital	1.2	0.9	0.8	0.7
Debt to equity	3.4	2.7	2.2	1.9
Net debt/(cash) to equity	(3.5)	(0.0)	(8.1)	(18.8)
Interest cover (x)	(31.4)	(21.0)	(32.5)	(40.5)

Technical Analysis

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Link Real Estate Investment Trust (0823 HK)

Last price:	HK$41.50
Support levels:	HK$39.70/HK$38.60
Resistance levels:	HK$45.60/HK$47.88

Price rebounded off its resistance-turned-support baseline with a bullish candle that simultaneously cleared the upper boundary of the flag continuation pattern. The RSI is firmly entrenched in bullish territory and is rising with strong positive velocity. As long as price remains defended above the converted support baseline, we see sustained upward expansion toward higher swing high resistance.

Average timeframe: Around two weeks.



Sino Biopharmaceutical (1177 HK)

Last price:	HK$5.57
Support levels:	HK$5.26/HK$5.15
Resistance levels:	HK$6.28/HK$6.59

Price successfully defended its position above the newly established gap-support zone. The RSI is anchored in bullish territory and is rising with positive velocity. As long as price remains defended above the gap-support threshold, we see continued upward expansion toward higher swing high resistance.

Average timeframe: Around two weeks.

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