UOBKayHian

# Country Daily | Greater China

Friday, 11 September 2026

## Key Indices

| | Prev Close | 1D % | 1W % | 1M % | YTD % |
|---|---|---|---|---|---|
| DJIA | 52064.1 | (0.6) | (1.9) | (3.5) | 8.3 |
| S&P 500 | 7591.7 | (0.6) | (1.0) | (2.1) | 10.9 |
| FTSE 100 | 10608.9 | (0.6) | (2.1) | (2.2) | 6.8 |
| AS30 | 9008.3 | (1.0) | (2.1) | (4.6) | (0.1) |
| CSI 300 | 4548.4 | (0.5) | (0.1) | (2.5) | (1.8) |
| FSSTI | 5689.8 | (0.7) | (1.0) | (1.1) | 22.5 |
| HSCEI | 8274.8 | (1.1) | (1.3) | (3.0) | (7.2) |
| HSI | 24954.5 | (1.3) | (1.0) | (3.8) | (2.6) |
| JCI | 6589.3 | (1.3) | (1.2) | 5.1 | (23.8) |
| KLCI | 1705.5 | (0.5) | (0.6) | (1.5) | 1.5 |
| KOSPI | 7033.9 | (0.3) | 5.2 | 10.8 | 66.9 |
| Nikkei 225 | 65271.0 | 0.2 | 1.6 | (2.5) | 29.7 |
| SET | 1615.1 | (0.2) | 2.4 | 0.2 | 28.2 |
| TWSE | 46940.5 | (0.5) | 2.4 | 4.0 | 62.1 |
| BDI | 3620 | 1.0 | 3.8 | 17.4 | 92.9 |
| CPO (RM/mt) | 4659 | (0.5) | (0.0) | 3.3 | 18.4 |
| Brent Crude (US$/bbl) | 108 | 6.3 | 12.7 | 22.7 | 76.9 |

*Source: Bloomberg*

## Corporate Events

| | Venue | Begin | Close |
|---|---|---|---|
| Analyst Marketing by Julia Pan on Greater China Internet Sector | Malaysia | 09 Sep | 11 Sep |
| 17th Asian Gems Conference 2026 (Virtual) | Singapore | 22 Sep | 23 Sep |
| Post-results NDR with Sunny Optical (2382 HK) | Taipei | 22 Sep | 23 Sep |
| NDR with Food Empire Holdings Ltd (FEH SP) | Malaysia | 08 Oct | 08 Oct |

## Corporate and Macro Calendar

| Economic Indicator/Event | Country/Region | Date |
|---|---|---|
| Aug Money Supply (M2, M1, M0) | China | 9-15 Sep |
| Aug FDI YTD YoY CNY | China | 11-17 Sep |
| 2Q Industrial Production YoY | Hong Kong | 14 Sep |
| 2Q PPI YoY | Hong Kong | 14 Sep |
| Aug Retail Sales | China | 15 Sep |
| Aug Industrial Production | China | 15 Sep |
| Aug Fixed Assets Ex Rural | China | 15 Sep |
| Aug Surveyed Jobless Rate | China | 15 Sep |
| Aug Unemployment Rate 3Mths | Hong Kong | 17 Sep |
| 2Q BoP Current Account Balance | Hong Kong | 17 Sep |
| 2Q BoP Overall | Hong Kong | 17 Sep |

## Top Stories

**Sector Update** | Automobile Page 2 →

- The yoy drop in the China PV wholesale shipment expanded to 5.7% yoy in August from 0.2% yoy in July, but mom sales growth remained positive at 4.7%. The authorities reinforced the 60-day payment term policy. September's new model launch calendar is busier than that of Chengdu Auto Show. Maintain MARKET WEIGHT. Top BUYs: BYD, Geely, CATL, and Minth. Top SELL: Li Auto.

**Company Results** | Sun Hung Kai Properties (16 HK/**BUY**/HK$116.70/Target: HK$143.80) Page 5→

- SHKP's FY26 underlying profit rose 4.6% yoy to HK$22.85b, broadly in line with consensus. Lower finance costs and Dynasty Court disposal gains offset a 3.6% operating-profit decline. Hong Kong development margin improved to 14.8% in 2HFY26 from 7.6% in 1HFY26. DPS grew 4.3% to HK$3.91 and net gearing fell to 10.7%. Management targets HK$33b Hong Kong contracted sales in FY27. We expect property and leasing market recovery to support FY27 earnings. Maintain BUY; target price: HK$143.80.

## Technical Analysis

**Meituan** | 3690 HK Page 8 →

- Support levels: HK$63.65/HK$58.20
- Resistance levels: HK$80.20/HK$83.20

**MiniMax** | 100 HK Page 8 →

- Support levels: HK$188.40/HK$110.20
- Resistance levels: HK$393.00/HK$448.00

*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.*

# Automobile

## Weekly: 60-Day Payment Policy Reinforced; September's New Model Launch Calendar Busier Than That Of Chengdu Auto Show

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**MARKET WEIGHT (Maintained)**

### Highlights

- The yoy drop in the China PV wholesale shipment rose to 5.7% yoy in August from 0.2% yoy in July, but mom sales growth remained positive at 4.7%.
- The authorities reinforced the 60-day payment term policy taking cash from OEMs back to auto parts suppliers, but the realisation remains remote.
- CATL's stock sank on worries of Li Auto's diversifying into other battery suppliers and scrapping of its deal with Ford. We see it as a buying opportunity.
- All of the five OEMs we cover are launching key new models in September. We expect BYD's Sealion 08, and Geely's Galaxy TT/Cruiser 700 to drive sales and share prices over the next month.
- Maintain MARKET WEIGHT. Top BUYs: BYD, Geely, CATL and Minth. Top SELL: Li Auto. We add CATL into our top BUY list this week.

### Analysis

- **Yoy drop in China PV wholesale expanded to 5.7% yoy in August from 0.2% yoy in July, but mom sales growth remained positive at 4.7%.**
  - **Retail fell for an 11th consecutive month; PEVs' market share topped record 64.7%.** PV retail sales volume in China fell 23.9% yoy but rose 5.4% mom to 1.554m units. ICE-car and passenger electric vehicle (PEV) retail sales volumes fell 39.2%/9.9% yoy and grew 5%/5.7% mom to 549,000 units/1.005m units respectively. The share of PEVs in total PV retail sales volume soared to a record of 64.7%.
  - **Exports surged 77.4% yoy, accounting for 37.7% of wholesale volume.** China's PV exports surged 77.4% yoy and dipped 3.1% mom to 894,000 units (37.7% of wholesale shipment), of which 519,000 units were PEVs (+154.4% yoy). BYD exported 184,000 units, ahead of Geely's 70,000, and has raised its 2026 overseas sales target to 1.9m-2.0m units (up 82-91% yoy), vs our estimate of 2.0m units. We continue to prefer leading OEMs with rising overseas exposure like BYD and Geely and globally geared suppliers such as Fuyao Glass, Minth and Nexteer.

### Segmental Rating

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

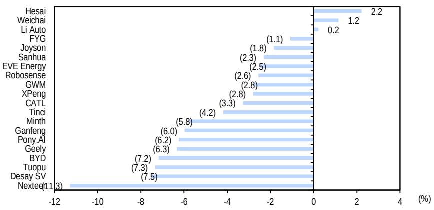
*Source: Bloomberg, UOB Kay Hian*

### Sector Picks

| Company | Ticker | Rec | Share Price (lcy) | Target Price (lcy) |
|---|---|---|---|---|
| BYD | 1211 HK | BUY | 79.55 | 150.00 |
| Geely | 175 HK | BUY | 16.13 | 29.00 |
| Minth | 425 HK | BUY | 338.06 | 585.00 |
| Li Auto | 2015 HK | SELL | 23.80 | 56.00 |

*Source: Bloomberg, UOB Kay Hian*

### Weekly Stock Performance




*Source: UOB Kay Hian*

### Peer Comparison

| Company | Ticker | Rec | Price 10 Sep 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 – H | 1211 HK | BUY | 79.55 | 150.00 | 88.6 | 12/25 | 19.3 | 13.9 | 11.2 | 0.7 | 15.3 | 293,014 | 2.2 |
| Geely | 175 HK | BUY | 16.13 | 29.00 | 79.8 | 12/25 | 9.8 | 8.6 | 6.8 | 3.3 | 17.8 | 173,971 | 2.3 |
| Great Wall Motor - H | 2333 HK | HOLD | 7.56 | 9.90 | 31.0 | 12/25 | 5.7 | 6.1 | 5.0 | 3.0 | 10.2 | 17,375 | 0.6 |
| Li Auto | 2015 HK | SELL | 46.48 | 35.00 | (24.7) | 12/25 | 183.7 | 57.9 | 71.6 | 0.0 | 2.0 | 96,911 | 1.2 |
| XPeng | 9868 HK | BUY | 41.60 | 60.00 | 44.2 | 12/25 | Loss | 132.1 | 15.9 | 0.0 | 1.7 | 65,205 | 2.2 |
| Fuyao Glass - H | 3606 HK | BUY | 54.85 | 84.00 | 53.1 | 12/25 | 13.4 | 12.5 | 10.4 | 5.3 | 27.2 | 33,281 | 2.9 |
| Huizhou Desay SV | 002920 CH | BUY | 83.52 | 135.00 | 61.6 | 12/25 | 20.3 | 20.3 | 17.2 | 1.7 | 24.8 | 49,846 | 2.9 |
| Minth | 425 HK | BUY | 23.80 | 56.00 | 135.3 | 12/25 | 8.6 | 8.2 | 7.0 | 3.5 | 11.7 | 27,882 | 0.9 |
| Nexteer | 1316 HK | BUY | 4.68 | 11.40 | 143.6 | 12/25 | 14.8 | 11.2 | 10.1 | 4.0 | 6.2 | 11,746 | 0.7 |
| Ningbo Joyson | 600699 CH | BUY | 19.16 | 25.00 | 30.5 | 12/25 | 20.2 | 15.1 | 13.3 | 1.3 | 9.9 | 26,741 | 1.4 |
| Ningbo Tuopu | 601689 CH | BUY | 44.32 | 64.00 | 44.4 | 12/25 | 28.6 | 25.4 | 22.1 | 0.0 | 11.7 | 77,021 | 3.1 |
| Pony AI | PONY US | BUY | 6.76 | 15.00 | 121.9 | 12/25 | Loss | Loss | Loss | 0.0 | n.a. | 2,388 | 0.3 |
| Weichai Power - H | 2338 HK | HOLD | 31.62 | 31.00 | (2.0) | 12/25 | 39.8 | 20.8 | 19.5 | 2.9 | 10.7 | 61,439 | 2.4 |
| Zhejiang Sanhua | 002050 CH | BUY | 35.46 | 43.00 | 21.3 | 12/25 | 37.1 | 31.6 | 27.4 | 1.3 | 14.2 | 132,318 | 4.3 |
| Hesai | 2525 HK | BUY | 17.49 | 29.00 | 65.8 | 12/25 | 38.8 | 34.9 | 21.1 | 0.0 | 5.9 | 18,210 | 2.0 |
| RoboSense | 2498 HK | BUY | 17.14 | 33.00 | 92.5 | 12/25 | Loss | 77.4 | 17.8 | 0.0 | 2.4 | 8,084 | 1.8 |
| CATL | 300750 CH | BUY | 338.06 | 585.00 | 73.0 | 12/25 | 21.4 | 16.3 | 12.3 | 3.1 | 20.8 | 1,483,069 | 3.9 |
| EVE Energy | 300014 CH | BUY | 49.87 | 85.00 | 70.4 | 12/25 | 25.0 | 13.1 | 10.0 | 1.9 | 6.8 | 108,382 | 2.1 |
| Ganfeng Lithium - H | 1772 HK | BUY | 35.88 | 75.00 | 109.0 | 12/25 | 40.6 | 19.6 | 12.0 | 1.0 | (1.2) | 17,334 | 1.3 |
| Tinci Materials | 002709 CH | BUY | 33.15 | 54.00 | 62.9 | 12/25 | 46.9 | 13.2 | 11.0 | 2.3 | 5.4 | 67,578 | 2.9 |

*Source: Bloomberg, UOB Kay Hian*

- **The industry destocked for a fourth consecutive month.** PV inventories in China decreased by about 90,000 units in August – all ICE-cars, of which around 80,000 units were at dealers. From Jan-Aug 26, the industry destocked 775,000 units. However, inventory-to-sales ratio in channel remained above the alert threshold at 1.58 at end-Aug 26, above 1.48 at end-Jul 26 and 1.31 at end-Aug 25, due to weak retail sales.

- **Policy: The authorities reinforce the 60-day payment term policy, but the realisation remains remote.** On 7 Sep 26, the Ministry of Industry and Information Technology (MIIT) and the State Administration of Market Regulation (SAMR) jointly issued a notice, which stipulates that the payment clock starts at acceptance rather than delivery, requires acceptance within 3-5 working days, bans forced commercial-paper acceptance, and mandates 70-90% advance payments during price talks.
  - **Financial data confirms that little has changed.** Payable days at the auto OEMs under our coverage remain at 160-170 days and receivable days at the auto parts companies are at 110-120 days from end-24 to mid-26. Only the battery manufacturers saw receivable days shortening from 110-120 days at end-24 to below 100 days as of 30 Jun 26.
  - **The industry-wide funding gap from full compliance exceeds Rmb1t, making uniform enforcement financially untenable.** If the auto OEMs comply with the rule by 2027, their 2027 net profit would be 11% below our estimates, and their net cash would fall 73% by end-27.
  - **Battery manufacturers and auto parts suppliers would enjoy a 2-3% uplift in 2027 net profit and a 240% surge in 2027 net cash.**
  - **Despite regulatory teeth, entrenched practices resist change.** OEMs can make up the differences via tightening acceptance criteria, prolonging consignment inventory or renegotiating purchase prices. We foresee limited improvement in payment cycles regardless of official rhetoric.
  - **We maintain our preference for the leading auto OEMs (BYD and Geely) to auto parts companies and battery manufacturers,** as the former are riding on multiple tailwinds – accelerating domestic sales momentum, burgeoning export growth, and flattening battery prices.

- **CATL's share price sank this week on worries about customers' diversifying away from it and the US banning its deal with Ford. We see it as overdone, and recommend accumulating the stock on weakness.**
  - **Li Auto is moving the Mega, i9 and refreshed i6 onto in-house 5C cells built by its 50:50 JV with Sunwoda, and is qualifying CALB as a third supplier.** This would only reduce CATL's power battery sales volume by under 1%. The worry of OEMs' reducing reliance on CATL has been around since 2017, but the impact remains minimal due to CATL's tech leadership.
  - **US Transportation Secretary Sean Duffy urged Ford to drop its licensed manufacturing deal with CATL.** We do not see any impact, as the market has not factored in any contribution from the deal.

- **Corporate update: September's launch calendar is busier than the Chengdu Auto Show was.** Five of our covered OEMs are launching flagship models this month – large SUVs, MPVs and family sedans above Rmb200,000 – so they should support ASP rather than volume.
  - **BYD launched the Sealion 08 as the Ocean line-up's flagship SUV.** The mid-to-large SUV went on sale on 2 Sep 26 at Rmb229,900-279,900 in eight versions, offering 900km of CLTC range as a battery electric car and 1,650km as a DM-i plug-in hybrid, and it received more than 12,000 orders in its first day. We estimate Sealion 08 sales at 12,000 units/month, or 2.7% of BYD's August volume, so it should lift ASP rather than volume.
  - **Geely launched the Galaxy TT on 10 Sep 26 and will begin Cruiser 700 pre-sales on 15 Sep 26.** The Galaxy TT is a battery electric mid-to-large fastback sedan priced at Rmb145,900-169,900 in rear-drive form with 540-640km of CLTC range, and pre-orders exceeded 20,000 units by 28 Aug 26. Cruiser 700 is Geely's first rugged off-road SUV. We estimate the two models' sales at 15,000 units/month, or 5.6% of Geely's August volume.

### China PV Sales (Aug 26)

| ('000 units) | Aug26 | yoy % | mom % | 8M26 | yoy % |
|---|---|---|---|---|---|
| *Production volume* | | | | | |
| EV | 1,529 | 19.7 | 5.5 | 9,758 | 9.7 |
| BEV | 1,036 | 28.1 | 8.0 | 6,247 | 12.6 |
| PHEV | 391 | 4.8 | 0.0 | 2,805 | 8.9 |
| EREV | 102 | 7.4 | 3.0 | 706 | (9.0) |
| ICE-car | 832 | (31.5) | 5.7 | 7,436 | (20.0) |
| Total | 2,361 | (5.3) | 5.6 | 17,194 | (5.5) |
| *EV share (%)* | *64.8* | *13.5* | *0.0* | *56.8* | *7.8* |
| *Wholesale* | | | | | |
| EV | 1,511 | 16.7 | 4.6 | 9,779 | 9.1 |
| BEV | 1,032 | 26.5 | 7.7 | 6,310 | 13.7 |
| PHEV | 386 | 2.9 | (0.3) | 2,771 | 5.6 |
| EREV | 93 | (10.6) | (7.0) | 698 | (11.9) |
| ICE-car | 860 | (29.4) | 4.9 | 7,538 | (19.2) |
| Total | 2,371 | (5.7) | 4.7 | 17,317 | (5.3) |
| *EV share (%)* | *63.7* | *12.2* | *(0.1)* | *56.5* | *7.5* |
| *Retail sales* | | | | | |
| EV | 1,005 | (9.9) | 5.7 | 6,675 | (12.1) |
| BEV | 698 | 1.2 | 7.9 | 4,469 | (3.9) |
| PHEV | 226 | (29.4) | 3.2 | 1,600 | (27.1) |
| EREV | 81 | (22.9) | (4.7) | 606 | (19.3) |
| ICE-car | 549 | (39.2) | 5.0 | 5,151 | (30.0) |
| Total | 1,554 | (23.9) | 5.4 | 11,826 | (20.9) |
| *EV share (%)* | *64.7* | *10.0* | *0.2* | *56.4* | *5.7* |
| *Export* | | | | | |
| EV | 519 | 154.4 | (3.9) | 3,328 | 135.0 |
| BEV | 329 | 145.5 | 2.5 | 1,998 | 118.6 |
| PHEV | 171 | 163.1 | (11.9) | 1,209 | 158.3 |
| EREV | 19 | 280.0 | (24.0) | 121 | 255.9 |
| ICE-car | 375 | 25.0 | (2.1) | 2,815 | 35.0 |
| Total | 894 | 77.4 | (3.1) | 6,143 | 75.5 |
| *EV share (%)* | 58.1 | 17.6 | (0.5) | 54.2 | 13.7 |
| *Chg in inventories* | | | | | |
| EV | 5 | n.a. | n.a. | (245) | n.a. |
| ICE-car | (92) | n.a. | n.a. | (530) | n.a. |
| Total | (87) | n.a. | n.a. | (775) | n.a. |

*Source: China Passenger Car Association (CPCA), UOB Kay Hian*

- **GWM is expanding the Wey Gaoshan MPV family rather than launching a new nameplate.** Plug-in hybrid versions of the Gaoshan 9, a six-seat MPV, go on sale within September and the Gaoshan 8 Hi4 hybrid will follow in 4Q26. GWM's August sales fell 1.9% yoy to 113,400 units and overseas markets supplied 55.1% of them, so a domestic refresh matters less to GWM than to peers.
- **XPeng launches the G9L this month and the Mona L05 in 4Q26.** The G9L large five-seat SUV has been on pre-sale since 11 Aug 26 at Rmb259,800, and first deliveries are due in September. Management is targeting 60,000 units a month, against August deliveries of 39,107 units. We estimate the G9L at 6,000 units a month, or 15.3% of August volume, a bigger proportionate addition than any of the other four OEMs.
- **Li Auto has the busiest September, with the new Mega being delivered and the i9 launching on 16 Sep 26.** The new-generation Mega went on sale on 2 Sep 26 at Rmb509,800, Rmb50,000 below the previous Home version, with first national deliveries on 5 Sep 26; the outgoing Mega delivered only 336 units in July, down 88.1% yoy. The i9 is a six-seat flagship electric SUV 5,225mm long. August deliveries rose 32.1% yoy to 37,679 units. We retain our SELL rating, because the i9 and the Mega compete directly with the G9L and Xiaomi's SkyNomad SUVs.

• **The next month: Three dated launches, the National Day selling peak, and the risk that discounting reopens.**
  - **Positive: Pricing on three flagship launches, then the National Day retail peak.** Geely opens pre-sales for Cruiser 700 on 15 Sep 26; Li Auto will launch the Li i9 on 16 Sep 26; and the XPeng G9L will reach customers during September. The 1 Oct 26 delivery prints and the CPCA September retail print in the second week of October are the first read on whether they convert into sales. Geely and BYD have the most to gain, as both are also compounding export growth.
  - **Negative: The discount cycle may reopen before the peak selling season ends.** Tesla China is offering cash incentives of Rmb5,000 on the Model 3 and Rmb10,000 on the Model Y on stock cars ordered by 30 Sep 26, on top of five-year interest-free financing. Whether the domestic brands match it over the National Day holiday is the swing factor for 4Q26 margins, and Li Auto and XPeng are the most exposed because the i9 and the G9L launch into the same segment.
  - **Watch the monthly battery installation rankings and lithium carbonate.** The China Automotive Power Battery Industry Innovation Alliance publishes its August installation ranking in mid-September and its September ranking in mid-October, the only regular external scorecard for the share held by CATL and EVE Energy; CATL accounted for 42.33% of the 74.6GWh installed in July and EVE Energy for 6.05%. Lithium carbonate futures fell more than 15% in the four sessions to 4 Sep 26 but remain about 91% higher yoy, and a sustained fall would cut battery cost for BYD, Geely and GWM while cutting revenue at Ganfeng and Tinci.

## Valuation/Recommendation

• **We maintain MARKET WEIGHT on China's auto sector.** Our preference for segments in descending order is battery and battery materials > auto parts > OEMs.

• Top BUYs: BYD, Geely, CATL, and Minth. Top SELL: Li Auto.

## Sector Catalyst/Risk

• **Catalysts**: The September retail print; the launches of the Galaxy TT and the XPeng G9L; a further rise in exports; 3Q26 results.

• **Risks**: Export barriers in Europe, Brazil and Mexico; a deeper domestic price war; lithium carbonate volatility.

# Sun Hung Kai Properties (16 HK)

## FY26: DPS Up 4.3% yoy And Net Gearing Down To 10.7%; Further Market Recovery To Support Earnings In FY27

### Highlights

- Underlying net profit rose 4.6% yoy to HK$22.85b, broadly in line with consensus. DPS grew 4.3% yoy, implying a payout of around 50%. Net gearing sharply declined to 10.7%.
- Management targets HK$33b property sales in Hong Kong in FY27, and stays positive on market recovery. With the retail portfolio outperforming the market and office income stabilising, management holds a cautiously optimistic outlook.
- Trim our FY27/28 forecasts by 1.6%/2.9% respectively. Maintain BUY, target price unchanged at HK$143.80.

### FY26 Results

| Year to 30 Jun (HK$m) | FY26 | FY25 | YoY | UOB KH | Actual vs est. |
|---|---|---|---|---|---|
| Revenue | 94,194 | 79,721 | +18.2% | 84,760 | +11.1% |
| Operating profit | 25,144 | 26,078 | -3.6% | 29,513 | -14.8% |
| Net finance cost | (1,910) | (2,485) | -23.1% | (2,315) | -17.5% |
| Attributable Net profit | 21,426 | 19,277 | +11.1% | n.a. | n.a. |
| Underlying profit | 22,850 | 21,855 | +4.6% | 24,025 | -4.9% |
| EPS (HK$) | 7.89 | 7.54 | +4.6% | 8.29 | -4.9% |
| DPS (HK$) | 3.91 | 3.75 | +4.3% | 3.96 | -1.4% |
| Payout ratio | 49.6% | 49.7% | -0.2ppt | 47.8% | +1.8ppt |
| Profit by segment: | | | | | |
| HK DP | 4,622 | 3,200 | +44.4% | 5,591 | -17.3% |
| PRC DP | 3,670 | 5,090 | -27.9% | 4,161 | -11.8% |
| HK IP | 12,820 | 12,956 | -1.0% | 12,853 | -0.3% |
| PRC IP | 5,167 | 4,864 | +6.2% | 4,947 | +4.5% |
| Singapore IP | 584 | 572 | +2.1% | 583 | +0.1% |
| Hotel | 728 | 615 | +18.4% | 662 | +10.1% |
| Other businesses | 4,572 | 4,891 | -6.5% | 4,752 | -3.8% |

*Source: SHKP, UOB Kay Hia*

### Analysis

- **FY26: DPS up by 4.3% yoy; net gearing dropped to 10.7%.** Sun Hung Kai Properties' (SHKP) operating profit declined 3.6% yoy, as stable development profit and 1.0% yoy rental-profit growth — which accounted for 57.7% of segment profit — were more than offset by a 65.8% yoy fall in land-resumption gains. Underlying net profit (UNP) increased 4.6% yoy to HK$22.85b, broadly in line with consensus estimate of HK$23.3b, supported by a 23.1% yoy reduction in net finance costs and a 41.9% yoy increase in UNP from Dynasty Court sales. DPS rose 4.3% yoy to HK$3.91, implying a 49.6% payout ratio. The key positive was faster-than-expected deleveraging: net debt fell 27.5% yoy to HK$67.6b, while net gearing declined 4.4ppt yoy to 10.7%.

### Key Financials

| Year to 30 Jun (HK$m) | 2025 | 2026 | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|
| Net turnover | 79,721 | 94,194 | 95,295 | 97,042 | 98,399 |
| EBITDA | 31,135 | 30,224 | 33,275 | 34,122 | 34,926 |
| Operating profit | 26,078 | 25,144 | 27,941 | 28,521 | 29,045 |
| Net profit (rep./act.) | 19,277 | 21,426 | 24,657 | 25,257 | 25,802 |
| Net profit (adj.) | 21,855 | 22,850 | 24,657 | 25,257 | 25,802 |
| EPS (HK$) | 754.2 | 788.5 | 850.9 | 871.6 | 890.4 |
| PE (x) | 15.5 | 14.8 | 13.7 | 13.4 | 13.1 |
| P/B (x) | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| EV/EBITDA (x) | 12.9 | 13.3 | 12.1 | 11.8 | 11.5 |
| Dividend yield (%) | 3.2 | 3.4 | 3.6 | 3.7 | 3.8 |
| Net margin (%) | 24.2 | 22.7 | 25.9 | 26.0 | 26.2 |
| Net debt/(cash) to equity (%) | 15.1 | 10.7 | 9.1 | 6.4 | 3.9 |
| Interest cover (x) | 12.5 | 15.8 | 18.6 | 19.1 | 19.5 |
| ROE (%) | 3.1 | 3.4 | 3.9 | 3.9 | 3.9 |
| Consensus net profit (HK$m) | - | - | 24,436.2 | 25,434.9 | 29,371.5 |
| UOBKH/Consensus (x) | - | - | 1.01 | 0.99 | 0.88 |

*Source: SHKP, Bloomberg, UOB Kay Hian*

**Analyst(s)**

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## BUY (Maintained)

| | |
|---|---|
| Share Price | HK$116.70 |
| Target Price | HK$143.80 |
| Upside | +23.2% |

### Stock Data

| | |
|---|---|
| GICS sector | Real Estate |
| Bloomberg ticker: | 16 HK |
| Shares issued (m): | 2,897.8 |
| Market Cap (HK$m): | 338,171.0 |
| Market cap (US$m): | 43,126.3 |
| 3-mth avg t'over (US$m): | 80.8 |

### Price Performance (%)

52-week high/low: HK$148.80/HK$90.20

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| 0.3 | 1.3 | (14.8) | 19.7 | 23.2 |

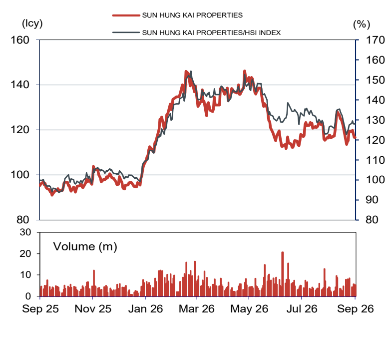
### Major Shareholders (%)

| | |
|---|---|
| HSBC Trustee (C.I.) Limited | 46.11 |

### Balance Sheet Metrics

| | |
|---|---|
| FY27 NAV/Share (HK$) | 223.18 |
| FY27 Net Debt/ Share (HK$) | 20.26 |

### Price Chart




*Source: Bloomberg*

### Company Description

Sun Hung Kai Properties, through its subsidiaries, develops and invests in properties. The company also operates hotels, manages properties, car parking, and transportation infrastructure. In addition, Sun Hung Kai operates logistics business, construction.

- **SHKP targets HK$33b Hong Kong sales and HK$2.5b Mainland China sales for FY27.** In FY26, SHKP achieved HK$38b contracted sales, beating the target of HK$30b. Launches for FY27 will skew towards small- and mid-sized units (eg Tung Shing Lei, Sai Sha Phase 2c). For Mainland China, SHKP achieved Rmb2.2b (~HK$2.5b) of attributable contracted sales in FY26. Management is positive on the continuous solid trend in the Hong Kong property market and expects SHKP to benefit from a continuing flight to quality trend in Mainland China.
- **Hong Kong development margin rebounded in 2HFY26; we estimate further recovery in FY27.** Hong Kong development margin recovered during FY26, rising from 7.6% in 1HFY26 to 14.8% in 2HFY26, resulting in a combined full-year margin of 10.5%. The improvement was supported by profit recognition from Cullinan Harbour and SIERRA SEA Phase 2. The hoh decline in Mainland China property development margin was broadly in line with market expectation. Looking ahead, given the higher ASP secured on FY26 contracted sales, we expect Hong Kong development margin to improve further from the 2HFY26 level.

### Segment Profit Margin By Business

| Segment profit margin | Combined | | | | Company & its subsidiaries | | | |
|---|---|---|---|---|---|---|---|---|
| | FY26 | FY25 | 2HFY26 | 1HFY26 | FY26 | FY25 | 2HFY26 | 1HFY26 |
| Property development – Hong Kong | 10.5% | 12.2% | 14.8% | 7.6% | 10.5% | 12.2% | 14.8% | 7.6% |
| Property development – Mainland | 36.5% | 60.5% | 19.1% | 48.9% | 48.9% | 62.1% | 12.6% | 59.7% |
| Property development | 15.3% | 24.0% | 15.6% | 15.1% | 13.9% | 23.6% | 14.7% | 13.5% |
| Property rental – Hong Kong | 72.4% | 73.9% | 73.6% | 71.2% | 71.7% | 73.2% | 72.9% | 70.4% |
| Property rental – Mainland | 79.6% | 78.8% | 81.5% | 77.5% | 81.5% | 80.3% | 83.4% | 79.4% |
| Property rental – Singapore | 74.0% | 75.6% | 74.9% | 73.1% | n.m. | n.m. | n.m. | n.m. |
| Property rental | 74.3% | 75.2% | 75.7% | 72.9% | 74.2% | 75.0% | 75.7% | 72.6% |
| Hotel operations | 13.3% | 11.7% | 11.2% | 15.4% | 11.8% | 11.0% | 8.8% | 14.7% |
| Telecommunications | 11.3% | 12.0% | 11.7% | 11.0% | 11.3% | 12.0% | 11.7% | 11.0% |
| Transport infrastructure and logistics | 13.1% | 19.3% | 11.9% | 14.3% | 17.1% | 26.8% | 16.8% | 17.4% |
| Data centre operations | 52.1% | 50.7% | 53.6% | 50.5% | 52.1% | 50.7% | 53.6% | 50.5% |
| Other businesses | 14.8% | 12.2% | 15.1% | 14.6% | 14.6% | 12.1% | 14.7% | 14.5% |
| Segment total | 29.2% | 35.7% | 31.3% | 27.4% | 27.9% | 34.8% | 30.7% | 25.7% |

*Source: Sun Hung Kai Properties, UOB Kay Hian*

- **Retail outperformance and new office contributions supported recurring-income growth.** Hong Kong retail income was flat yoy, backed by positive tenant sales growth. Mainland China retail income grew 9.4% yoy, driven by an outperformance in tenant sales as compared with overall market (eg sales at Shanghai IFC achieved double-digit growth). We expect positive retail rental reversion in FY27. Hong Kong office rental income increased 0.4% yoy, thanks to new contributions. We expect leasing of new IPs and a further recovery of spot rent to support office income.
- **Low net gearing may support payout at the top end of the policy range.** Management reiterated the 40-50% payout policy and FY26 came in at 49.6% on underlying EPS. Given the low net gearing ratio, we expect the payout to stay at the higher end of the policy range.

## Valuation/Recommendation

- **Maintain BUY with a target price of HK$143.80.** The target is a 27% discount to our NAV of HK$197.10 per share. We expect SHKP's earnings to steadily grow over the next three years, supporting DPS growth.

## Earnings revision/risk.

- We lower our FY27/FY28 earnings forecasts by 1.6% and 2.9%, respectively.

## Share Price Catalyst

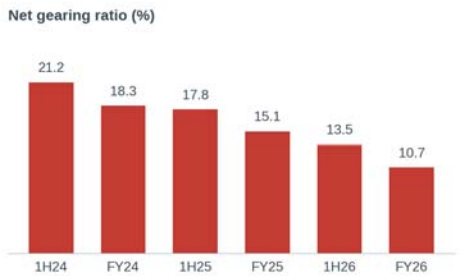
- Stronger-than-expected property sales.

### Project Launches In Next 10 Months

| Project | Location | Stake (%) | Attri. res. GFA (sq ft) |
|---|---|---|---|
| Hong Kong | | | |
| Tung Shing Lei Ph.1A & 1B (Lot 1696 in DD 115) | Yuen Long | 100 | 466,000 |
| Lot 279 Ph.1, Fanling Sheung Shui Town | Kwu Tung | 100 | 299,000 |
| Sai Sha Residences Ph.2C | Sai Sha | 100 | 299,000 |
| STTL 651, Mei Tin Road | Tai Wai | 100 | 194,000 |
| STTL 623, Siu Lek Yuen | Sha Tin | 100 | 157,000 |
| Total | | | 1,415,000 |

*Source: SHKP, UOB Kay Hian*

### Net Gearing Ratio




*Source: SHKP, UOB Kay Hian*

### Occupancy Ratio Of Major Investment Properties In Hong Kong

| | Jun-26 | Sub-mkt* | vs sub-mkt |
|---|---|---|---|
| IFC | ~100% | 91% | ~+9ppt |
| ICC | 92% | 93% | -1ppt |
| HK office portfolio | ~90% | | |
| HK retail portfolio | 95% | | |

**JLL Grade A sub-market occupancy, UOB Kay Hian*
*Source: SHKP*

## Profit & Loss

| Year to 30 Jun (HK$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 94,194.0 | 95,295.3 | 97,041.6 | 98,399.1 |
| EBITDA | 30,224.0 | 33,274.7 | 34,121.6 | 34,925.6 |
| Deprec. & amort. | 5,080.0 | 5,334.0 | 5,600.7 | 5,880.7 |
| EBIT | 25,144.0 | 27,940.7 | 28,520.9 | 29,044.8 |
| Total other non-operating income | (366.0) | (0.0) | 0.0 | (0.0) |
| Associate contributions | 5,082.0 | 4,357.5 | 4,479.6 | 4,618.9 |
| Net interest income/(expense) | (1,910.0) | (1,790.1) | (1,790.1) | (1,790.1) |
| Pre-tax profit | 27,950.0 | 30,508.1 | 31,210.4 | 31,873.6 |
| Tax | (5,948.0) | (5,230.1) | (5,346.1) | (5,450.9) |
| Minorities | (576.0) | (621.0) | (607.7) | (620.7) |
| Net profit | 21,426.0 | 24,657.0 | 25,256.6 | 25,802.0 |
| Net profit (adj.) | 22,850.0 | 24,657.0 | 25,256.6 | 25,802.0 |

## Balance Sheet

| Year to 30 Jun (HK$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 480,141.0 | 486,722.8 | 493,433.7 | 500,280.1 |
| Other LT assets | 115,990.0 | 118,218.9 | 120,496.0 | 122,822.6 |
| Cash/ST investment | 30,053.0 | 37,035.5 | 53,521.3 | 69,027.1 |
| Other current assets | 191,566.0 | 187,577.4 | 176,173.5 | 171,449.8 |
| Total assets | 817,750.0 | 829,554.6 | 843,624.5 | 863,579.6 |
| ST debt | 14,204.0 | 13,919.9 | 13,919.9 | 13,919.9 |
| Other current liabilities | 51,059.0 | 51,581.1 | 52,129.2 | 52,704.8 |
| LT debt | 83,464.0 | 81,794.7 | 81,794.7 | 81,794.7 |
| Other LT liabilities | 30,299.0 | 30,299.0 | 30,299.0 | 30,299.0 |
| Shareholders' equity | 633,936.0 | 646,564.3 | 659,465.3 | 677,118.9 |
| Minority interest | 4,788.0 | 5,395.7 | 6,016.3 | 7,742.3 |
| Total liabilities & equity | 817,750.0 | 829,554.6 | 843,624.5 | 863,579.6 |

## Cash Flow

| Year to 30 Jun (HK$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 46,498.0 | 41,819.8 | 41,472.5 | 41,183.2 |
| Profit fo the year | 27,950.0 | 30,508.1 | 31,210.4 | 31,873.6 |
| Tax | (5,948.0) | (5,230.1) | (5,346.1) | (5,450.9) |
| Deprec. & amort. | 5,080.0 | 5,334.0 | 5,600.7 | 5,880.7 |
| Associates | (5,082.0) | (4,357.5) | (4,479.6) | (4,618.9) |
| Working capital changes | 22,730.0 | 14,325.4 | 13,247.2 | 12,258.7 |
| Non-cash items | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating cashflows | 1,768.0 | 1,240.0 | 1,240.0 | 1,240.0 |
| Investing | (18,094.0) | (11,960.5) | (12,358.5) | (12,776.4) |
| Capex (growth) | (17,853.0) | (11,915.8) | (12,311.6) | (12,727.2) |
| Investment | 111,056.0 | 113,284.9 | 115,562.0 | 117,888.6 |
| Others | (111,297.0) | (113,329.5) | (115,608.9) | (117,937.8) |
| Financing | (23,879.0) | (14,281.9) | (12,628.3) | (12,901.0) |
| Dividend payments | (11,330.0) | (12,328.5) | (12,628.3) | (12,901.0) |
| Proceeds from borrowings | (12,549.0) | (1,953.4) | 0.0 | 0.0 |
| Loan repayment | 0.0 | 0.0 | 0.0 | 0.0 |
| Others/interest paid | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash inflow (outflow) | 4,525.0 | 15,577.5 | 16,485.7 | 15,505.8 |
| Beginning cash & cash equivalent | 16,933.0 | 21,458.0 | 37,035.5 | 53,521.3 |
| Changes due to forex impact | 0.0 | 0.0 | 0.0 | 0.0 |
| Ending cash & cash equivalent | 21,458.0 | 37,035.5 | 53,521.3 | 69,027.1 |

## Key Metric

| Year to 30 Jun (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 32.1 | 34.9 | 35.2 | 35.5 |
| Pre-tax margin | 29.7 | 32.0 | 32.2 | 32.4 |
| Net margin | 22.7 | 25.9 | 26.0 | 26.2 |
| ROA | 2.6 | 3.0 | 3.0 | 3.0 |
| ROE | 3.4 | 3.9 | 3.9 | 3.9 |
| | | | | |
| Growth | | | | |
| Turnover | 18.2 | 1.2 | 1.8 | 1.4 |
| EBITDA | (2.9) | 10.1 | 2.5 | 2.4 |
| Pre-tax profit | 12.9 | 9.2 | 2.3 | 2.1 |
| Net profit | 11.1 | 15.1 | 2.4 | 2.2 |
| Net profit (adj.) | 4.6 | 7.9 | 2.4 | 2.2 |
| EPS | 4.6 | 7.9 | 2.4 | 2.2 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 13.3 | 12.8 | 12.6 | 12.3 |
| Debt to equity | 15.4 | 14.8 | 14.5 | 14.1 |
| Net debt/(cash) to equity | 10.7 | 9.1 | 6.4 | 3.9 |
| Interest cover (x) | 15.8 | 18.6 | 19.1 | 19.5 |

# Technical Analysis

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## Meituan (3690 HK)

| | |
|---|---|
| Last price: | HK$74.75 |
| Support levels: | HK$63.65/HK$58.20 |
| Resistance levels: | HK$80.20/HK$83.20 |

Price remains trading below its support-turned-resistance zone, maintaining an intact downside framework via a falling window. The RSI remains positioned beneath its neutral 50-midline and continues to fall. We could expect a sustained downward trajectory towards lower support targets.

**Average timeframe: Around two weeks.**


## MiniMax (0100 HK)

| | |
|---|---|
| Last price: | HK$292.00 |
| Support levels: | HK$188.40/HK$110.20 |
| Resistance levels: | HK$393.00/HK$448.00 |

Price was capped by its previous price high resistance zone, keeping the market capped beneath an overhead ceiling. The RSI has fallen below its neutral 50-midline. As long as price action remains capped below this key resistance ceiling, path-of-least-resistance dynamics favour a continued downward movement and expanding momentum towards lower support targets.

**Average timeframe: Around two weeks.**