UOBKayHian

Country Daily | Greater China

Monday, 10 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	54036.9	0.3	3.0	2.7	12.4
S&P 500	7757.6	0.6	3.6	2.4	13.3
FTSE 100	10901.1	0.3	0.3	3.8	9.8
AS30	9445.1	(0.1)	3.4	4.9	4.7
CSI 300	4694.4	0.9	2.3	(1.8)	1.4
FSSTI	5698.4	1.1	1.2	4.2	22.6
HSCEI	8531.6	0.4	(0.9)	6.1	(4.3)
HSI	25668.0	0.5	(0.8)	6.2	0.1
JCI	6409.7	1.0	2.8	8.2	(25.9)
KLCI	1735.8	(0.1)	0.6	2.6	3.3
KOSPI	6258.8	(0.6)	(5.1)	(16.3)	48.5
Nikkei 225	65606.7	(0.1)	1.9	(4.3)	30.3
SET	1612.0	(0.2)	(0.7)	(0.6)	28.0
TWSE	44225.9	(0.4)	2.6	(2.5)	52.7
BDI	3089	1.0	13.1	4.9	64.6
CPO (RM/mt)	4515	(0.4)	0.4	0.9	14.8
Brent Crude (US$/bbl)	84	1.0	0.7	11.0	38.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug
Virtual Meeting on Indonesia Economic Outlook by Mr. Enrico Tanuwidjaja	Indonesia	19 Aug	19 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Jul Money Supply (M2, M1, M0)	China	9-15 Aug
Jul FDI YTD YoY CNY	China	11-17 Aug
2Q P BoP Current Account Balance	China	14 Aug
2Q F GDP (SA QoQ, YoY)	Hong Kong	14 Aug
Jul Retail Sales	China	17 Aug
Jul Industrial Production	China	17 Aug
Jul Fixed Assets Ex Rural	China	17 Aug
Jul Surveyed Jobless Rate	China	17 Aug

Top Stories

Economics | Inflation Page 2 →

- China's July headline CPI inflation eased to 0.5% yoy (-0.5ppt mom), below consensus, as the fuel cost pass-through into transportation and communication inflation faded. Core CPI inflation edged down to 0.9% yoy, with goods inflation moderating and services inflation softening. Meanwhile, PPI inflation slowed to 3.5% yoy (-0.6ppt mom), also below consensus estimates, dragged by softer raw materials inflation. Overall, the data is mildly negative for markets, as it may raise concerns that a deflationary environment may soon return.

Economics | Trade Page 4 →

- July export growth eased to 23.9% yoy (-3.1ppt mom), still ahead of Bloomberg's consensus estimate of 23.0% yoy, supported by the Hong Kong and ASEAN markets. Import growth moderated to 27.5% yoy (-8.5ppt mom), below consensus of 29.7% yoy, though integrated circuits imports growth held near record at 71.1% yoy. The trade surplus narrowed to US$112.5b, above consensus' US$107.1b. Tech-related demand remains the key swing factor for headline import growth in 2H26.

Company Update | Shenzhou International (2313 HK/**BUY**/HK$42.80/Target: HK$61.40) Page 6 →

- Shenzhou issued a profit warning, expecting 1H26 net profit to decline 38-43% yoy, 27-33% below consensus. Management attributed the decline mainly to: a) weak demand and tariff sharing, b) rising labour costs and raw materials costs, and c) appreciation of the renminbi against the US dollar. We believe the key focus on its 1H26 analyst briefing will remain on: a) the order outlook for 2H26, and b) gross margin expansion pace. Maintain BUY, cut target price by 15% to HK$61.40.

Technical Analysis

Hang Seng Index And Hang Seng Tech Index Outlook Page 9 →

- Weekly Chart And Daily Chart

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.

Economics

Inflation

July CPI And PPI Inflation Below Expectations

- China's July headline CPI inflation eased to 0.5% yoy (-0.5ppt mom), below Bloomberg's consensus estimate of 0.8% yoy. Core CPI inflation edged down to 0.9% yoy (-0.1ppt mom), below Bloomberg's consensus estimate of 1.0% yoy, with goods inflation moderating to 0.2% yoy (-0.9ppt mom) and services inflation softening to 0.7% yoy (-0.1ppt mom).
- PPI inflation slowed to 3.5% yoy (-0.6ppt mom), below Bloomberg's consensus estimate of 3.9% yoy, as producer goods PPI inflation eased to 4.8% yoy (-0.7ppt mom) on softer raw materials inflation (6.1% yoy, -2.5ppt mom), while consumer goods PPI deflation eased to -0.8% yoy (+0.1ppt mom).
- Overall, the data is mildly negative for markets, as softer data may raise concerns that China may soon return to a deflationary environment.

Our View

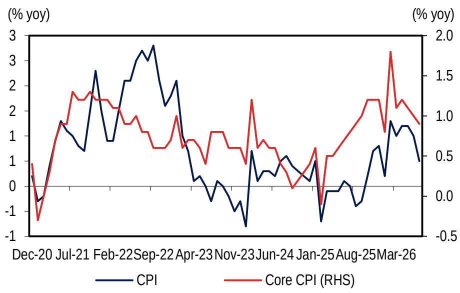
- **July headline CPI inflation eased to 0.5% yoy (-0.5ppt mom),** below Bloomberg's consensus estimate of 0.8% yoy. The softness was concentrated in transportation and communication inflation, which moderated to 0.4% yoy (-3.7ppt mom) as the fuel cost pass-through that supported the category through 2Q26 faded. Food deflation narrowed slightly to -1.5% yoy (+0.1ppt mom), while food, tobacco and liquor inflation held at -0.8% yoy (0.0ppt mom). For other categories, daily necessities and services inflation moderated to 0.8% yoy (-0.5ppt mom) and other products and services inflation slowed to 5.8% yoy (-0.8ppt mom). On the other hand, medical-related articles inflation picked up to 2.9% yoy (+0.6ppt mom). Core CPI inflation edged down to 0.9% yoy (-0.1ppt mom), below Bloomberg consensus of 1.0% yoy, with goods inflation moderating to 0.2% yoy (-0.9ppt mom) and services inflation softening to 0.7% yoy (-0.1ppt mom).
- **PPI inflation slowed to 3.5% yoy in July (-0.6ppt mom),** below Bloomberg's consensus estimate of 3.9% yoy. Producer goods PPI inflation eased to 4.8% yoy (-0.7ppt mom), mainly dragged by raw materials inflation slowing to 6.1% yoy (-2.5ppt mom). Consumer goods PPI deflation eased to -0.8% yoy (+0.1ppt mom), with durable consumer goods PPI inflation improving to 0.4% yoy (+0.3ppt mom). Moreover, Purchasing Price Index inflation retreated to 5.5% yoy (-0.9ppt mom), reflecting softer fuel and power inflation (9.3% yoy, -2.5ppt mom), non-ferrous metal materials and wires inflation (19.0% yoy, -2.6ppt mom) and chemical raw materials inflation (9.3% yoy, -2.2ppt mom).
- Overall, the July data suggests the upstream-led reflation is passing its peak rather than broadening into end-demand, with the softness at both ends of the price chain traceable to the same fading energy inflation. Looking ahead, investors should watch whether upstream inflation continues to decelerate due to a higher base for comparison from 2H26.

Analyst(s)

Tham Mun Hon, CFA
+852 2236 6799
munhon.tham@uobkh.com

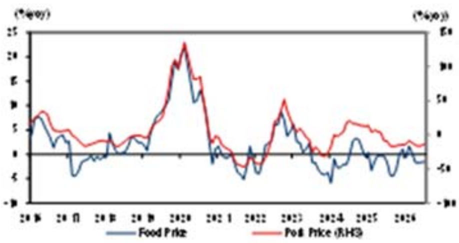
Claire Wang
+852 2236 6761
claire.wang@uobkh.com

CPI And Core CPI



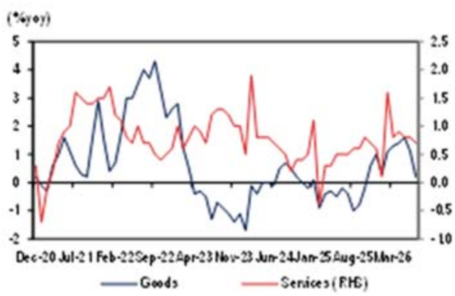
Source: NBS, CEIC, UOB Kay Hian

Food And Pork Prices



Source: NBS, CEIC, UOB Kay Hian

Goods And Services Inflation



Source: NBS, CEIC, UOB Kay Hian

CPI

(yoy % chg)	Jul 26	ppt chg	Jun 26	May 26
Headline CPI	0.5	-0.5	1.0	1.2
Food	-1.5	0.1	-1.6	-1.7
Core CPI	0.9	-0.1	1.0	1.1
Goods	0.2	-0.9	1.1	1.6
Services	0.7	-0.1	0.8	0.8
Food, Tobacco And Liquor	-0.8	0.0	-0.8	-0.9
Clothing	1.4	0.0	1.4	1.4
Residence	-0.3	0.0	-0.3	-0.2
Daily Necessities And Services	0.8	-0.5	1.3	1.8
Transportation And Communication	0.4	-3.7	4.1	5.4
Recreational, Educational And Cultural Articles	1.3	-0.1	1.4	1.3
Medical-Related Articles	2.9	0.6	2.3	2.1
Other Products And Services	5.8	-0.8	6.6	9.9

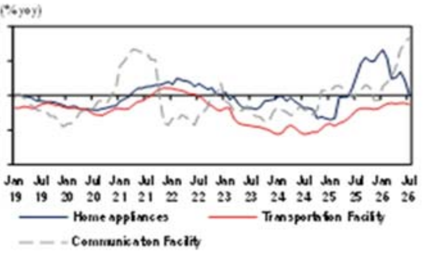
Source: NBS, Wind, UOB Kay Hian

PPI

(yoy % chg)	Jul 26	ppt chg	Jun 26	May 26
Headline PPI	3.5	-0.6	4.1	3.9
Producer Goods	4.8	-0.7	5.5	5.2
Mining And Quarrying	16.4	-0.1	16.5	15.8
Raw Materials	6.1	-2.5	8.6	9.2
Processing	3.1	0.1	3.0	2.3
Consumer Goods	-0.8	0.1	-0.9	-0.8
Food	-2.1	0.0	-2.1	-1.8
Clothing	-1.1	-0.1	-1.0	-1.0
Articles For Daily Use	-1.0	0.0	-1.0	-1.0
Durable Consumer Goods	0.4	0.3	0.1	0.0
Purchasing Price Index	5.5	-0.9	6.4	5.8
Fuel And Power	9.3	-2.5	11.8	10.0
Ferrous Metal Materials	1.4	0.1	1.3	0.3
Non-Ferrous Metal Materials And Wires	19.0	-2.6	21.6	22.0
Chemical Raw Materials	9.3	-2.2	11.5	11.8
Wood And Pulp	-0.5	0.5	-1.0	-1.6
Building Materials And Non-Metallic	-4.1	0.7	-4.8	-5.5
Other Industrial Raw Materials And Semi-Products	1.6	0.1	1.5	1.1
Agricultural And Sideline Products	-0.8	0.5	-1.3	-1.6
Textile Raw Materials	3.2	-0.1	3.3	2.5

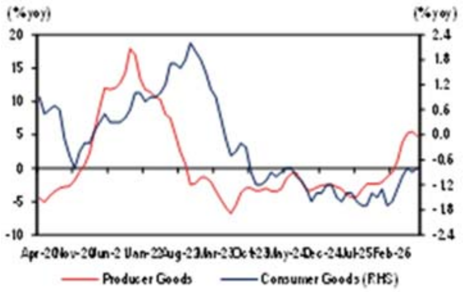
Source: NBS, CEIC, UOB Kay Hian

CPI Of Consumer Durables



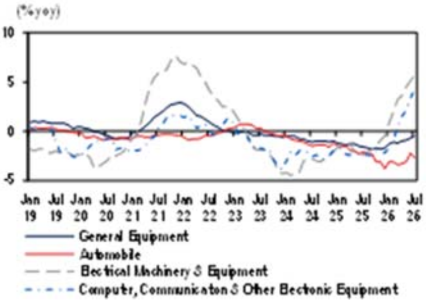
Source: NBS, CEIC, UOB Kay Hian

PPI Of Consumer And Producer Goods



Source: NBS, CEIC, UOB Kay Hian

PPI In Equipment



Source: NBS, CEIC, UOB Kay Hian

Economics

Trade

July Trade Growth Moderates But Stays Strong

- July export growth eased to 23.9% yoy (-3.1ppt mom), still ahead of Bloomberg's consensus estimate of 23.0% yoy, with continued strength in the Hong Kong and ASEAN markets.
- Import growth moderated to 27.5% yoy (-8.5ppt mom), below consensus of 29.7% yoy, largely reflecting a higher base from Jul 25, while integrated circuits imports growth held near record at 71.1% yoy.
- The trade surplus narrowed slightly to US$112.5b from US$125.6b, though above consensus' US$107.1b. The import deceleration was concentrated outside tech-related growth, with integrated circuits import growth little changed, making it the key swing factor for headline import growth in 2H26.

What's New

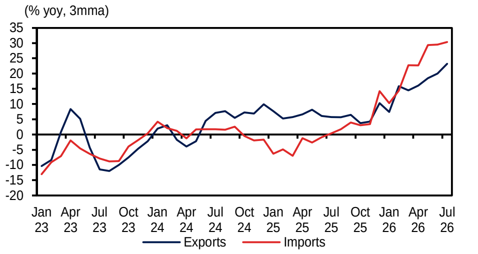
- **China's export growth eased to 23.9% yoy in July from 27.0% yoy in June (-3.1ppt mom),** still ahead of Bloomberg's consensus estimate of 23.0% yoy. The moderation was concentrated in two markets rather than broad-based. China's export growth to Hong Kong eased to 48.8% yoy (-9.2ppt mom), though it remained the fastest-growing key market, while China's export growth to the EU slowed to 16.0% yoy (-2.5ppt mom). Momentum improved elsewhere. China's export growth to ASEAN strengthened to 38.4% yoy (+3.9ppt mom), China's export growth to the US picked up to 17.0% yoy (+3.1ppt mom) due to the lower base and China's export growth to Japan rose to 14.0% yoy (+7.1ppt mom).
- **China's import growth came in at 27.5% yoy in July (-8.5ppt mom),** below Bloomberg's consensus estimate of 29.7% yoy. Among key commodities, there was a broad-based slowdown in import growth; China's import growth of coal eased to 55.1% yoy (-7.9ppt mom) and iron ore to 11.5% yoy (-10.3ppt mom), though both remained supported by domestic seasonal demand. China's import growth of copper ore moderated to 16.8% yoy (-6.2ppt mom), while crude oil stayed in negative territory at -8.6% yoy (-2.5ppt mom), continuing to reflect fading price support from the earlier Strait of Hormuz disruption.
- **Integrated circuits remained the standout among key trade product categories,** with import growth at 71.1% yoy (-1.2ppt mom) and import value setting a fresh record. China's hi-tech products export growth edged up to 52.7% yoy (+0.5ppt mom) and mechanical and electrical products export growth was broadly unchanged at 33.8% yoy (-0.4ppt mom), consistent with the strength in integrated circuits. China's motor vehicle export growth eased to 52.9% yoy (-8.3ppt mom) but remained robust, while China's agricultural products import growth slowed to 6.8% yoy (-12.8ppt mom).
- **The trade surplus narrowed to US$112.5b from June's US$125.6b,** though above consensus' US$107.1b. Going forward, July's import moderation was uneven, with integrated circuits import growth easing only 1.2ppt mom against a broader slowdown across key commodities and agricultural products. We therefore see integrated circuits demand as the key swing factor for headline import growth in 2H26.

Analyst(s)

Tham Mun Hon, CFA
+852 2236 6799
munhon.tham@uobkh.com

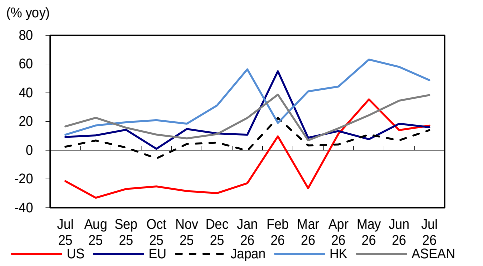
Claire Wang
+852 2236 6761
claire.wang@uobkh.com

Growth Of Exports And Imports (3MMA)



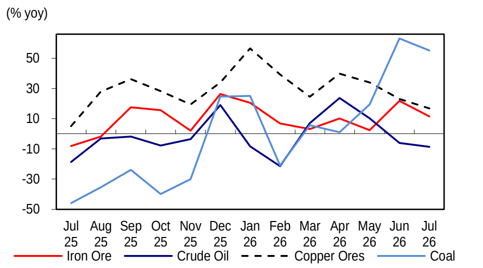
Source: Customs, CEIC, UOB Kay Hian

Exports To Key Markets



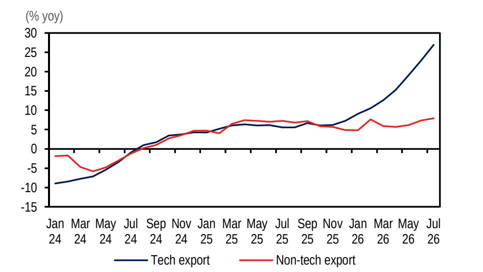
Source: Customs, CEIC, UOB Kay Hian

Imports Of Key Commodities



Source: Customs, CEIC, UOB Kay Hian

China's Tech And Non-Tech Export



Source: Customs, CEIC, UOB Kay Hian

Exports And Imports Data

	---------------- (US$b) ----------------		--------------- yoy % chg ---------------	
	Jul-26	Jun-26	Jul-26	Jun-26
Exports	397.9	412.4	23.9	27.0
Imports	285.4	286.8	27.5	36.0
Trade Surplus	112.5	125.6		
Exports to Key Markets				
US	41.9	43.5	17.0	13.9
EU	58.0	58.3	16.0	18.5
Japan	14.2	14.4	14.0	6.9
Hong Kong	40.2	44.4	48.8	58.0
ASEAN	75.6	78.3	38.4	34.5
Imports of Key Commodities				
Iron Ore	10.9	11.6	11.5	21.8
Crude Oil	22.8	22.4	-8.6	-6.1
Copper Ore	8.8	8.5	16.8	23.0
Coal	4.4	3.9	55.1	63.0
Trade of Key Products				
Agricultural Products Imports	20.0	22.2	6.8	19.6
Integrated Circuits Imports	63.8	59.6	71.1	72.3
Motor Vehicle Exports	129.6	124.6	52.9	61.2
Hi-tech Products Exports	119.2	118.8	52.7	52.2
Mechanical & Electrical Products Exports	259.2	260.3	33.8	34.2

Source: Wind, CEIC, UOB Kay Hian

Shenzhou International (2313 HK)

1H26 Profit Warning; Net Profit To Decline 38-43%; Weaker Than Expected

Highlights

- Shenzhou issued a profit warning o**n 7 August**, expecting a 1H26 net profit decline of approximately 38-43% yoy. This guidance is 27-33% below the VA consensus.
- Management attributed the decline mainly to: a) weak demand and tariff sharing, b) rising labour costs and raw materials costs, and c) appreciation of the renminbi against the US dollar.
- **The company will report its 1H26 results on 25 August. We believe the key focus will remain on: a) the order outlook for 2H26, and b) gross margin expansion pace. Maintain BUY, cut target price by 15% to HK$61.40.**

Analysis

- **Profit warning expects 1H26 net profit to decline 38-43% yoy. On 7 August, after market close, Shenzhou International (Shenzhou) issued a profit warning, expecting a 1H26 net profit decline of approximately 38-43% yoy to Rmb1,811m-1,970m, compared with Rmb3,177m in 1H25. This guidance is 27-33% below the** visible **alpha (VA) consensus of Rmb2,692m.**
- **Management attributed the profit decline to:**
  - **Weak demand and tariff sharing.** End-user restocking demand has been subdued and brand clients have adopted a more cautious approach to placing order. This has led to increased volatility in order demand, resulting in a decline in revenue, while tariff sharing has also had a negative impact.
  - **Rising labour costs and raw materials costs.** Wage and pension costs increased across all regions. The capacity expansion in Vietnam and Cambodia enlarged the overall workforce, while the new facilities remain in the ramp-up phase, with room for improvement in production efficiency. In addition, raw material costs, mainly yarn, rose in line with international oil prices. Together, these factors drove up overall labour and manufacturing costs.
  - **Impact of the appreciation of the renminbi.** Shenzhou's trade revenue is primarily denominated in US dollars while it reports in renminbi. The renminbi appreciated 4% yoy on average against the US dollar in 1H26, which had an adverse impact on its trading activities and on the revaluation of its US dollar net current assets, mainly bank balances and trade receivables. This, per our understanding, resulted in a significant forex loss in 1H26 (vs Rmb126m forex gain in 1H25).

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	28,663	30,994	29,834	33,221	37,079
EBITDA	7,362	7,309	6,815	7,622	8,521
Operating profit	5,840	5,820	5,205	5,845	6,580
Net profit (rep./act.)	6,241	5,825	4,840	6,018	6,668
Net profit (adj.)	6,241	5,825	4,840	6,018	6,668
EPS (Fen)	415.1	387.5	322.0	400.3	443.6
PE (x)	8.9	9.5	11.4	9.2	8.3
P/B (x)	1.5	1.5	1.4	1.3	1.2
EV/EBITDA (x)	7.8	7.5	7.9	7.1	6.3
Dividend yield (%)	6.3	6.4	5.3	6.6	7.3
Net margin (%)	21.8	18.8	16.2	18.1	18.0
Net debt/(cash) to equity (%)	(35.2)	(32.0)	(32.4)	(31.4)	(30.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	18.2	15.9	12.6	14.9	15.4
Consensus net profit	-	-	5,969.2	6,558.0	7,091.1
UOBKH/Consensus (x)	-	-	0.81	0.92	0.94

Source: Shenzhou International, Bloomberg, UOB Kay Hian
n.m.: not meaningful; negative PE, EV/EBITDA reflected as "n.m."

Analyst(s)

Stella Guo
stella.guo@uobkh.com
+852 2236 6798

Ejann Hiew
hejann@uobkh.com
+603 2147 1995

BUY (Maintained)

Share Price	HK$42.80
Target Price	HK$61.40
Upside	+43.5%
Previous TP	HK$72.50

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	2313 HK
Shares issued (m)	1,502.8
Market cap (HK$m)	64,321.4
Market cap (US$m)	8,199.1
3-mth avg daily t'over (US$m)	40.4

Price Performance (%)

52-week high/low				HK$73.00/HK$38.66
1mth	3mth	6mth	1yr	YTD
(0.6)	(8.0)	(33.8)	(23.6)	(30.1)

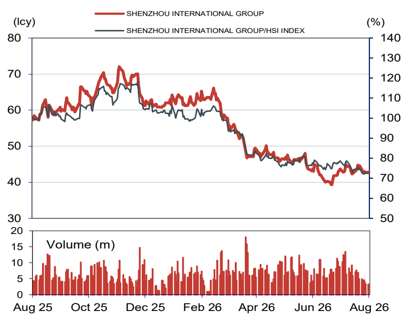
Major Shareholders (%)

Ma Jianrong	44.8
Ma Renhe	5.0

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	26.03
FY26 Net Cash/Share (Rmb)	8.25

Price Chart



Source: Bloomberg

Company Description

Shenzhou is a leading global apparel maker. It produces activewear, athleisure, and casual wear to customers worldwide, including Uniqlo, Nike, Adidas, Puma, etc.

- The company will **report** its 1H26 results on 25 August. We believe the key focus will remain on: a) the order outlook for 2H26, and b) gross margin expansion pace.

Earnings Revision/Risk

- **We lower our 2026/27 earnings forecasts by 24%/12% respectively.** We lower our 2026/27 revenue forecasts by 8%/5%, respectively, to reflect weaker order volumes and lower visibility, together with ASP pressure amid renminbi appreciation. We trim our 2026/27 gross margin estimates by 0.6ppt/0.8ppt, respectively, due to rising raw material costs, slower-than-expected productivity ramp-up and some tariff sharing. We raise our 2026/27 opex estimates by 1.5ppt/1.5ppt, respectively, to reflect operating deleverage. We also factor in forex losses for 2026. Thus, our 2026/27 earnings forecasts are cut by 24%/12% respectively.

Valuation/Recommendation

- **Maintain BUY but cut target price by 15% to HK$61.40.** Our DCF-based target price is lowered by 15% to HK$61.40. Our target price implies 17.0x 2026F PE and 13.7x 2027F PE. The stock currently trades at 11.4x 2026F PE and 9.2x 2027F PE.

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	30,993.7	29,833.6	33,220.8	37,078.8
EBITDA	7,309.2	6,815.5	7,622.0	8,521.4
Deprec. & amort.	1,489.4	1,610.9	1,776.7	1,941.7
EBIT	5,819.8	5,204.5	5,845.3	6,579.7
Associate contributions	4.5	4.5	4.5	4.5
Net interest income/(expense)	759.4	843.0	699.9	710.0
Pre-tax profit	6,665.8	5,538.4	6,886.0	7,630.5
Tax	(840.5)	(698.4)	(868.3)	(962.2)
Minorities	0.0	0.0	0.0	0.0
Net profit	5,825.3	4,840.0	6,017.7	6,668.4
Net profit (adj.)	5,825.3	4,840.0	6,017.7	6,668.4

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	11,666.3	12,700.5	13,587.2	14,326.5
Other LT assets	3,113.0	3,487.9	3,844.4	4,183.5
Cash/ST investment	15,410.9	10,464.3	10,665.5	11,028.4
Other current assets	26,752.9	26,224.7	27,766.9	29,523.5
Total assets	56,943.0	52,877.3	55,864.0	59,061.8
ST debt	14,615.3	9,112.8	9,063.3	9,038.6
Other current liabilities	4,228.2	4,125.2	4,501.3	4,928.9
LT debt	254.1	155.1	105.6	80.9
Other LT liabilities	353.4	353.4	353.4	353.4
Shareholders' equity	37,491.9	39,130.8	41,840.4	44,660.0
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	56,943.0	52,877.3	55,864.0	59,061.8

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	5,549.4	6,497.0	6,266.0	6,935.0
Pre-tax profit	6,665.8	5,538.4	6,886.0	7,630.5
Tax	(840.5)	(698.4)	(868.3)	(962.2)
Deprec. & amort.	1,489.4	1,610.9	1,776.7	1,941.7
Working capital changes	(506.4)	425.2	(1,166.1)	(1,328.9)
Non-cash items	(4.4)	(379.1)	(362.3)	(346.2)
Other operating cashflows	(1,692.0)	(698.4)	(868.3)	(962.2)
Investing	912.4	(2,640.9)	(2,657.7)	(2,673.8)
Capex (growth)	(3,003.7)	(3,020.0)	(3,020.0)	(3,020.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	17.1	0.0	0.0	0.0
Others	3,899.0	379.1	362.3	346.2
Financing	(1,555.8)	(8,802.7)	(3,407.1)	(3,898.3)
Dividend payments	(3,673.6)	(3,201.2)	(3,308.1)	(3,848.8)
Proceeds from borrowings	19,895.4	9,000.0	9,000.0	9,000.0
Loan repayment	(17,728.3)	(14,601.5)	(9,099.0)	(9,049.5)
Others/interest paid	(49.2)	0.0	0.0	0.0
Net cash inflow (outflow)	4,906.0	(4,946.6)	201.2	362.9
Beginning cash & cash equivalent	10,868.8	15,410.9	10,464.3	10,665.5
Changes due to forex impact	(364.0)	0.0	0.0	0.0
Ending cash & cash equivalent	15,410.9	10,464.3	10,665.5	11,028.4

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	23.6	22.8	22.9	23.0
Pre-tax margin	21.5	18.6	20.7	20.6
Net margin	18.8	16.2	18.1	18.0
ROA	10.6	8.8	11.1	11.6
ROE	15.9	12.6	14.9	15.4
Growth				
Turnover	8.1	(3.7)	11.4	11.6
EBITDA	(0.7)	(6.8)	11.8	11.8
Pre-tax profit	(7.0)	(16.9)	24.3	10.8
Net profit	(6.7)	(16.9)	24.3	10.8
Net profit (adj.)	(6.7)	(16.9)	24.3	10.8
EPS	(6.7)	(16.9)	24.3	10.8
Leverage				
Debt to total capital	29.3	18.3	18.3	17.3
Debt to equity	40.4	24.0	22.5	20.9
Net debt/(cash) to equity	(32.0)	(32.4)	(31.4)	(30.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

HSI and HS Tech Index Outlook

Analyst(s)

Greater China Research Team
research-hk@uobkh.com

Tham Mun Hon, CFA
munhon.tham@uobkh.com
+852 2236 6799

Weekly Chart

Source: TradingView

Daily Chart

Source: TradingView

Hang Seng Index

Last close:	25,668.03
Expected moving range:	22,520 -26,845

Technical View:

Weekly Chart: Price action on the Hang Seng Index is currently testing the upper threshold of a descending channel pattern. The MACD has turned bearish to confirm expanding downside momentum and deteriorating buy-side velocity. This favours a high-probability rejection off this channel ceiling, signalling a continuation move lower toward the lower channel support zone unless a decisive, high-volume breakout above the resistance line occurs.

Daily Chart: Price action has staged a successful breakout above its local peak, effectively converting former resistance into a new support floor. The MACD maintains a strong, bullish posture to confirm robust trend velocity. This hints at further upward trajectory toward the next resistance as long as price stays above this newly defended support floor. Conversely, a failure to hold this polarity level would invalidate the immediate breakout structure, opening the door for a deeper corrective path toward lower structural demand zones.

Weekly Chart

Source: TradingView

Daily Chart

Source: TradingView

Hang Seng Tech Index

Last close:	4,858.29
Expected moving range:	4,858.29

Technical View:

Weekly Chart: Price has stalled precisely at the Fibonacci 62% retracement level, with the weekly timeframe printing a doji candlestick to reflect intense buyer-seller indecision. Underlying momentum parameters remain bearish, as both the MACD and RSI trade in negative territory; however, emerging bullish divergence signals that sell-side displacement is beginning to wane. Consequently, the weekly doji high serves as the critical line in the sand – a high-conviction penetration above this peak is required to unlock further upward trajectory, failing which, the price is expected to resume its overarching downward trend toward lower structural support shelves.

Daily Chart: Price action is currently holding within its structural support zone, maintaining the integrity of this local demand floor to set up a potential rebound. The MACD remains bullish to signal underlying buy-side strength. We might see a continuation move higher toward overhead targets as long as this support line holds. Conversely, a confirmed breakdown beneath this critical demand shelf would accelerate markdown phase back toward major low support.