



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52215.2	(1.2)	0.4	0.7	8.6
S&P 500	7623.7	(0.5)	(0.5)	(1.5)	11.4
FTSE 100	10690.4	(0.3)	(1.8)	(0.0)	7.6
AS30	8905.8	(0.1)	(0.4)	0.7	(1.3)
CSI 300	4105.3	1.7	(1.6)	(7.5)	(11.3)
FSSTI	5422.2	0.1	0.1	(5.1)	16.7
HSCEI	7756.3	0.9	(4.3)	(5.0)	(13.0)
HSI	23093.4	0.7	(4.0)	(5.8)	(9.9)
JCI	5439.3	1.0	4.9	(12.9)	(37.1)
KLCI	1611.6	0.2	0.2	(3.6)	(4.1)
KOSPI	5550.3	0.3	(2.1)	(21.6)	31.7
Nikkei 225	62693.2	(0.3)	(4.0)	(5.5)	24.5
SET	1562.7	0.4	(0.8)	(2.8)	24.1
TWSE	46041.4	(1.8)	(2.0)	(4.1)	59.0
BDI	2660	(1.2)	5.9	(22.4)	41.7
CPO (RM/mt)	4443	(0.2)	0.4	(3.7)	13.0
Brent Crude (US\$/bbl)	115	(1.2)	5.3	10.6	89.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with EGP Energy Corporation Limited (EGX SP)	Singapore	26 Oct	26 Oct
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Sep Industrial Profits	China	27 Oct
Sep Trade Balance, Exports, Imports	Hong Kong	28 Oct
Sep Money Supply (M1, M2, M3)	Hong Kong	30 Oct
Oct PMI (Composite, Manufacturing, Non-manufacturing)	China	31 Oct

Top Stories

Company Results | Lens Technology (6613 HK/**BUY**/HK\$16.39/Target: HK\$21.50)

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- Lens Tech's 3Q26 results came in below expectations, primarily due to: a) deliveries that were below its seasonal high to its large client as orders were pushed into 4Q; and b) a meaningful forex loss and elevated operating expenses. Earnings growth should improve meaningfully in 4Q26-1Q27, due to the aforementioned delayed delivery to the large client, stronger orders, and a contribution from new initiatives. Maintain BUY but slash the target prices of Lens A to Rmb32.10 and Lens H to HK\$21.50.

Company Update | Xtep International Holdings (1368 HK/**BUY**/HK\$3.67/Target: HK\$5.40)

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- In 3Q26, the core Xtep brand's offline sell-through remained under pressure while the e-commerce and kids businesses stayed relatively steady. Saucony's sell-through picked up driven by its premiumisation strategy and category expansion. Management reiterated its full-year guidance for a low single-digit decline in group revenue, with Saucony and Merrell expected to deliver around 10% revenue growth, alongside a high single-digit net margin. Management also expects full-year gross margin to improve yoy. Maintain BUY. Cut target price by 4% to HK\$5.40.

Technical Analysis

Hang Seng Index And Hang Seng Tech Index Outlook

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- Weekly Chart And Daily Chart

Lens Technology (6613 HK)

3Q26: Core Business Weakness And Emerging-Business Investment Pressure Earnings

Highlights

- Lens Tech's 3Q26 results came in below expectations, primarily due to: a) a below-seasonal delivery to its large client as orders were pushed into 4Q; and b) a meaningful forex loss and elevated operating expenses.
- Earnings growth should improve meaningfully in 4Q26-1Q27, due to the aforementioned delayed delivery to the large client, stronger orders, and contribution from new initiatives.
- Maintain BUY but slash target prices of of Lens-A to Rmb32.10 and Lens-H to HK\$21.50.

3Q26 Results

Year to 31 Dec (Rmbm)	3Q25	2Q26	3Q26	yoy (%)	qoq (%)
Revenue	20,702	14,727	19,035	(8.1)	29.3
Gross profit	3,951	2,684	3,194	(19.2)	19.0
Operating profit	2,183	1,028	1,183	(45.8)	15.1
Reported NP	1,700	726	843	(50.4)	16.0
GPM (%)	19.1	18.2	16.8	(2.3)	(1.4)
OPM (%)	10.5	7.0	6.2	(4.3)	(0.8)
NPM (%)	8.2	4.9	4.4	(3.8)	(0.5)

Source: Lens Tech, UOB Kay Hian

Analysis

- **Revenue and gross margin shortfalls drove earnings miss.** Revenue declined 8.1% yoy due to weaker mid-range smartphone and PC demand, a delayed launch of its major client's new products, and renminbi appreciation, but rose 29.3% qoq on seasonality to Rmb19,035m, 13.0% below consensus estimates. Gross margin contracted 2.3ppt yoy and 1.4ppt qoq to 16.8%, 2.7ppt below consensus. Operating profit fell 45.8% yoy to Rmb1,183m, 56.0% below consensus, reflecting the gross margin shortfall and higher R&D spending on new businesses and products. As a result, reported net profit fell 50.4% yoy to Rmb843m, 65.8% below consensus, further weighed down by a forex loss of over Rmb100m.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	69,897	74,410	71,688	85,260	101,380
EBITDA	9,404	10,068	10,390	12,613	15,668
Operating profit	4,251	5,090	4,440	6,336	9,058
Net profit (rep./act.)	3,624	4,018	2,844	5,407	7,876
Net profit (adj.)	3,624	4,018	2,844	5,407	7,876
EPS (fen)	73.0	80.9	57.3	108.9	158.7
PE (x)	19.6	17.7	24.9	13.1	9.0
P/B (x)	1.5	1.3	1.3	1.2	1.1
EV/EBITDA (x)	10.6	9.9	9.6	7.9	6.4
Dividend yield (%)	2.1	2.6	2.0	3.8	5.6
Net margin (%)	5.2	5.4	4.0	6.3	7.8
Net debt/(cash) to equity (%)	7.1	0.0	1.0	(10.5)	(16.3)
Interest cover (x)	(199.1)	476.0	11.3	30.9	43.8
ROE (%)	7.6	7.8	5.1	9.3	12.6
Consensus net profit	-	-	4,562	6,792	9,229
UOBKH/Consensus (x)	-	-	0.62	0.80	0.85

Source: Lens Tech, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$16.39
Target Price	HK\$21.50
Upside	+31.2%
Previous TP	HK\$43.10

Stock Data

Sector	Specialty Technology Hardware
Bloomberg ticker	6613 HK
Shares issued (m)	5,279
Market cap (HK\$m)	86,519
Market cap (US\$m)	11,092
3-mth avg daily t'over (US\$m)	26.3

Price Performance (%)

52-week high/low			HK\$32.58 / HK\$15.68	
1mth	3mth	6mth	1yr	YTD
(25.4)	(23.4)	(4.4)	(37.0)	(34.9)

Major Shareholders (%)

Lens Technology (HK) Co	53.13
Changsha Qunxin Investment	5.44

Balance Sheet Metrics

2026 NAV/Share (Rmb)	10.97
2026 Net Cash/Share (Rmb)	0.25

Price Chart



Source: Bloomberg

Company Description

Lens Technology Co., Ltd. is a global leader in precision glass, sapphire, and ceramic component manufacturing. Founded by Zhou Qunfei in 2003, the company supplies cover glass, glass back covers, metal casings, and ultra-thin glass (UTG) to major consumer electronics brands including Apple (~50% of revenue), Samsung, and Xiaomi. Lens Tech has expanded into smart vehicles, AI server components (via Yuans Technology acquisition), and aerospace-grade UTG for satellite applications.

- **Management expects 4Q26 and 1Q27 earnings to pick up meaningfully**, as the delivery of its large client's orders related to the foldable model has been pushed into 4Q26 (from the usual season of 3Q26); it will further ramp up in 1Q27. In addition, the client has adjusted its product cycle from one key launch in 3Q26 to two launches in 3Q26/1Q27 respectively, which implies that part of the orders will be pushed into 1Q27 as well. With the reception of the new foldable model turning out stronger than expected, management expects 4Q26-1Q27 to be a much stronger season than historical average.
- **AI server components entered mass production.** Lens Technology's (Lens Tech) AI server structural parts/liquid cooling modules subsidiary Yuanshi has started mass production and delivery to its key North America client, while Tongshen Optoelectronics' hollow-core fibre plant construction is expected to begin soon. Coupled with the more recent acquisition of Juteng which specialises in large precision metal parts, management is looking to vertically integrate its different subsidiaries and provide one-stop solutions covering structural parts, liquid cooling and optical cables, and AIDCs. Contribution to P&L should start to be visible in 4Q26, before ramping up significantly in 2027 as a new growth driver.
- **TGV glass substrate.** Management stated that Lens' TGV glass substrate product's verification results from a North American customer yielded the best data in the industry at the moment, and expects to start preparation for pre-mass production phase. The company has also started working with the Korean customer since early-26, while its products for Mainland customers had entered the product verification phase.
- **Embodied intelligence is expected to pick up meaningfully in 2027** with close collaboration with humanoid robot players, AR glasses, edge devices, etc. Notably, management expects to start mass production for the North American humanoid robot developer's head module components in Nov-Dec 26, which should ramp up to a scale that is in line with market expectation by 1Q27. Other form factors, such as quadrupedal robots, are also seeing large orders heading into 2027.

Valuation/Recommendation

- Maintain BUY but slash target prices of Lens-A and Lens-H to Rmb32.10 and HK\$21.50 respectively. Our Lens-A target price is now based on 29.5x 2027F PE, pegged to historical mean valuation, down from 0.5SD above mean. We lower our PE multiple as we believe the market conditions have significantly changed with mounting headwinds towards overall end-consumption, growth and costs. Our Lens-H target price of HK\$21.50 is now based on 17.7x 2027F PE, a 40% discount vs A share.

Earnings Revision/Risk

- We slash our 2026-28 earnings estimate by 40.0%/15.9%/7.9% to Rmb2.8b/Rmb5.4b/Rmb7.9b respectively, based on a lower assumption for the smartphone business. We also have raised our operating expense ratio meaningfully given the elevated R&D expenses and costs related to talent acquisitions.

Changes to 2026-28 Estimates

Year to 31 Dec	----- Old estimates -----			----- New estimates -----			----- Differences (%) -----		
(Rmbm)	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	73,779	88,207	104,902	71,688	85,260	101,380	(2.8)	(3.3)	(3.4)
Smartphones and computers	59,289	71,792	86,281	57,198	68,845	82,760	(3.5)	(4.1)	(4.1)
Smart vehicles and cockpits	7,108	8,174	9,400	7,108	8,174	9,400	0.0	0.0	0.0
Intelligent head mounted displays and smart wearables	4,774	5,490	6,313	4,774	5,490	6,313	0.0	0.0	0.0
Other smart devices	1,209	1,330	1,463	1,209	1,330	1,463	0.0	0.0	0.0
Margin (%)	16.6	17.5	18.5	16.7	17.6	18.6	0.2	0.0	0.1
Smartphones and computers	17.2	17.9	18.6	17.5	18.0	18.7	0.2	0.1	0.1
Smart vehicles and cockpits	13.0	15.0	17.0	13.0	15.0	17.0	0.0	0.0	0.0
Intelligent head mounted displays and smart wearables	12.0	15.0	18.0	12.0	15.0	18.0	0.0	0.0	0.0
Other smart devices	12.0	15.0	18.0	12.0	15.0	18.0	0.0	0.0	0.0
EBIT (Rmbm)	5,295	7,177	9,544	4,440	6,336	9,058	(16.2)	(11.7)	(5.1)
Net Profit (Rmbm)	4,736	6,430	8,555	2,844	5,407	7,876	(40.0)	(15.9)	(7.9)

Source: Lens Tech, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	74,410	71,688	85,260	101,380
EBITDA	10,068	10,390	12,613	15,668
Depreciation & amortization	4,978	5,950	6,278	6,610
EBIT	5,090	4,440	6,336	9,058
Total other non-operating income	(556)	(463)	243	289
Associate contributions	93	149	-	-
Net interest income/(expense)	(21)	(916)	(408)	(358)
Pre-tax profit	4,605	3,210	6,171	8,990
Tax	(545)	(386)	(734)	(1,069)
Minorities	(23)	(16)	(31)	(45)
Net profit	4,037	2,808	5,407	7,876
Net profit (recurrent)	4,018	2,844	5,407	7,876

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	11,465	7,514	13,841	12,486
Pre-tax profit	4,605	3,210	6,171	8,990
Tax	(545)	(386)	(734)	(1,069)
Depreciation/amortization	4,978	5,950	6,278	6,610
Associates	3	4	5	6
Working capital changes	1,725	(2,211)	1,718	(2,403)
Non-cash items	217	(278)	243	289
Other operating cashflows	481	1,226	160	63
Investing	(9,617)	(5,317)	(5,318)	(5,317)
Capex (growth)	(8,511)	(5,317)	(5,318)	(5,317)
Investments	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Others	(1,105)	-	-	-
Financing	(2,964)	(3,765)	(2,828)	(4,057)
Dividend payments	(1,482)	(1,850)	(1,422)	(2,703)
Issue of shares	-	-	-	-
Proceeds from borrowings	5,000	5,000	5,001	5,002
Loan repayment	(6,000)	(6,000)	(5,999)	(5,998)
Others/interest paid	(482)	(916)	(408)	(358)
Net cash inflow (outflow)	(1,115)	(1,568)	5,696	3,111
Beginning cash & cash equivalent	10,937	9,653	8,085	13,781
Changes due to forex impact	(168)	-	-	-
Ending cash & cash equivalent	9,653	8,085	13,781	16,892

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	42,622	42,012	41,086	39,838
Other LT assets	12,244	12,221	12,187	12,142
Cash/ST investment	9,653	8,085	13,781	16,892
Other current assets	19,820	18,709	26,154	26,163
Total assets	84,339	81,027	93,208	95,036
ST debt	5,292	4,292	3,294	2,298
Other current liabilities	18,432	15,110	24,273	21,879
LT debt	4,367	4,367	4,367	4,367
Other LT liabilities	1,161	1,161	1,161	1,161
Shareholders' equity	55,023	56,017	60,002	65,175
Minority interest	64	80	111	156
Total liabilities & equity	84,339	81,027	93,208	95,036

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	16.0	16.7	17.6	18.6
Pretax margin	6.2	4.5	7.2	8.9
Net margin	5.4	4.0	6.3	7.8
ROA	4.9	3.4	6.2	8.4
ROE	7.8	5.1	9.3	12.6
Growth				
Turnover	6.5	(3.7)	18.9	18.9
Gross profit	7.1	0.9	24.9	25.7
Pre-tax profit	19.2	(29.2)	90.1	45.7
Net profit	10.9	(29.2)	90.1	45.7
Net profit (adj)	10.9	(29.2)	90.1	45.7
EPS	10.9	(29.2)	90.1	45.7
Leverage				
Debt to total capital	11.5	10.7	8.2	7.0
Debt to equity	17.6	15.5	12.8	10.2
Net debt to equity	0.0	1.0	(10.5)	(16.3)
Interest cover (x)	476.0	11.3	30.9	43.8

Xtep International Holdings(1368 HK)

Core Xtep Brand's Offline Sell-Through Remains Under Pressure; Reiterates Full-year Targets

Highlights

- In 3Q26, the core Xtep brand's offline sell-through remained under pressure while the e-commerce and kids businesses stayed relatively steady. Saucony's sell-through picked up in 3Q26, driven by premiumisation strategy and category expansion.
- Management reiterated its full-year guidance for a low single-digit decline in group revenue, with Saucony and Merrell expected to deliver around 10% revenue growth, alongside a high single-digit net margin. Management also expects full-year gross margin to improve yoy.
- Maintain BUY but cut target price by 4% to HK\$5.40.

Analysis

- Core Xtep brand's offline sell-through remained under pressure while e-commerce and kids businesses stayed restively steady.** In 3Q26, the core Xtep brand recorded a mid-single-digit yoy decline in retail sell-through (vs a mid-single-digit yoy decline in 2Q26). By channel, e-commerce and the kids businesses maintained relatively steady growth, while offline channels remained under pressure. Street stores faced greater challenges due to weaker traffic, whereas shopping mall stores and outlets were relatively stable. As of 3Q26, the company had reclaimed around 200 stores (vs around 100 in 1H26), and management plans to reclaim another 400 stores in 4Q26, bringing the total number to around 600 stores for the year.
- Saucony's sell-through picked up in 3Q26 driven by premiumisation strategy and category expansion.** In 3Q26, Saucony achieved mid-single-digit yoy growth in retail sell-through (vs low single-digit yoy growth in 2Q26), mainly supported by its premiumisation strategy and category expansion. The opening of new image stores continued to gain traction, supporting double-digit growth in offline sales. Meanwhile, apparel recorded double-digit growth, particularly the wool series, whose retail sell-through increased by more than 40%.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	13,577	14,151	13,701	13,980	14,268
EBITDA	2,224	2,316	1,950	2,166	2,302
Operating profit	1,966	2,019	1,711	1,897	2,006
Net profit (rep./act.)	1,238	1,372	1,159	1,267	1,318
Net profit (adj.)	1,238	1,372	1,159	1,267	1,318
EPS (Fen)	46.6	46.6	39.4	43.0	44.8
PE (x)	6.7	6.7	7.9	7.3	7.0
P/B (x)	0.9	0.8	0.8	0.8	0.7
EV/EBITDA (x)	3.4	2.7	3.0	2.7	2.5
Dividend yield (%)	19.7	7.8	7.1	7.8	8.1
Net margin (%)	9.1	9.7	8.5	9.1	9.2
Net debt/(cash) to equity (%)	(10.8)	(29.8)	(27.6)	(26.4)	(25.7)
Interest cover (x)	22.8	23.2	20.0	16.9	14.1
ROE (%)	13.7	14.2	10.9	11.4	11.2
Consensus net profit	-	-	1,166.9	1,310.8	1,414.5
UOBKH/Consensus (x)	-	-	0.99	0.97	0.93

Source: Xtep Int'l Holdings, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$3.67
Target Price	HK\$5.40
Upside	+47.1%
Previous TP	HK\$5.60

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	1368 HK
Shares issued (m)	2,815.1
Market cap (HK\$m)	10,331.4
Market cap (US\$m)	1,317.4
3-mth avg daily t'over (US\$m)	4.6

Price Performance (%)

52-week high/low		HK\$6.05/HK\$3.28		
1mth	3mth	6mth	1yr	YTD
4.3	(1.1)	(18.3)	(36.1)	(30.9)

Major Shareholders (%)

Ding Shui Po	47.12
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Balance Sheet Metrics

FY26 NAV/Share (Rmb)	3.87
FY26 Net Cash/Share (Rmb)	1.03

Price Chart



Source: Bloomberg

Company Description

Xtep International Holdings is a leading multi-brand sportswear company in China. With a diverse brand portfolio encompassing the core Xtep brand, Saucony and Merrell, Xtep strategically targets the mass market and professional sports segments.

- **Retail discounts and inventory turnover remained stable.** In 3Q26, the core Xtep brand maintained stable retail discounts at 25-30% off, with e-commerce discounts continuing to improve yoy. As of end-3Q26, channel inventory turnover remained stable at 4.5-5.0 months.
- **Full-year guidance maintained; gross margin expected to improve yoy.** October-to-date, the core Xtep brand's retail sell-through trend has remained broadly in line with that of 3Q26, as warmer-than-usual weather weighed on winter apparel sales, while e-commerce and Xtep Kids continued to grow. Saucony maintained healthy offline growth. Management reiterated its full-year guidance for a low single-digit decline in group revenue, with Saucony and Merrell expected to deliver around 10% revenue growth, alongside a high single-digit net margin. Management also expects full-year gross margin to improve yoy, supported by stable discounting, flagship-led online growth and the expansion of the direct-to-consumer (DTC) business for the core Xtep brand, as well as stricter discount control and operating leverage for Saucony.
- **Overseas business expected to turn profitable this year; targets 5-10% of sales contribution in 3-5 years.** Overseas sales maintained strong growth across both online and offline channels in 3Q26 (vs nearly doubling in 1H26), and currently accounts for around 2-3% of total sales. Management expects the overseas business to turn profitable this year, with Southeast Asia remaining its key focus. As of 3Q26, the company operated around 14 overseas stores and plans to open additional stores in Malaysia by year-end. Looking ahead, the company is confident in increasing the overseas business contribution to around 5-10% of total sales over the next 3-5 years.

Earnings Revision/Risk

- **We lower our 2026/27 earnings forecasts by 6%/5%, respectively.** We trim our 2026/27 revenue forecasts slightly by 0.5%/0.4%, respectively. We lower our 2026/27 selling and distribution expenses ratio estimates by 0.2ppt/0.4ppt to reflect improving operations. Thus, our 2026/27 earnings forecasts are cut by 6%/5%, respectively.

Valuation/Recommendation

- **Maintain BUY but trim target price by 4% to HK\$5.40.** We roll over our DCF-based target price to 2027 and lower our target price by 4% to HK\$5.40. Our new target price implies 10.1x 2026F PE and 9.3x 2027F PE. The stock currently trades at 7.9x 2026F PE and 7.3x 2027F PE.

Core Xtep Brand Retail Sell-Through Growth Rate (yoy)

	Retail sell-through growth	Retail discount (% off)	Retail inventory turnover
1Q22	(+) 30-35%	~ 25%	4 months
2Q22	(+) Mid-teens	25-30%	~4.5 months
3Q22	(+) 20-25%	25-30%	4.5-5 months
4Q22	(-) High-SD	~ 30%	~5.5 months
1Q23	(+) ~ 20%	25-30%	<5 months
2Q23	(+) High teens	~ 25%	<5 months
3Q23	(+) High teens	25-30%	4.5-5 months
4Q23	(+) >30%	~ 30%	4-4.5 months
1Q24	(+) High-SD	25-30%	4-4.5 months
2Q24	(+) 10%	~ 25%	~4 months
3Q24	(+) Mid-SD	~ 25%	~4 months
4Q24	(+) High-SD	25-30%	~4 months
1Q25	(+) Mid-SD	25-30%	~4 months
2Q25	(+) Low-SD	25-30%	4-4.5 months
3Q25	(+) Low-SD	25-30%	4-4.5 months
4Q25	Flat	25-30%	~4.5 months
1Q26	(+) Low-SD	25-30%	~4.5 months
2Q26	(-) Mid-SD	25-30%	4.5-5 months
3Q26	(-) Mid-SD	25-30%	4-4.5 months

Source: Xtep Int'l Holdings, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	14,151.1	13,701.0	13,980.1	14,268.4
EBITDA	2,316.3	1,950.0	2,166.1	2,302.4
Deprec. & amort.	297.5	239.3	269.2	296.9
EBIT	2,018.8	1,710.8	1,897.0	2,005.5
Associate contributions	54.4	54.4	54.4	54.4
Net interest income/(expense)	(99.8)	(97.7)	(128.3)	(163.7)
Pre-tax profit	1,973.4	1,667.5	1,823.2	1,896.2
Tax	(601.8)	(508.6)	(556.0)	(578.3)
Minorities	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0
Net profit	1,371.6	1,159.0	1,267.1	1,317.9
Net profit (adj.)	1,371.6	1,159.0	1,267.1	1,317.9

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	952.4	1,461.1	1,425.3	1,528.2
Pre-tax profit	1,973.4	1,667.5	1,823.2	1,896.2
Tax	(601.8)	(508.6)	(556.0)	(578.3)
Deprec. & amort.	297.5	239.3	269.2	296.9
Working capital changes	(805.0)	62.9	(111.0)	(86.6)
Non-cash items	(48.7)	0.0	0.0	0.0
Other operating cashflows	38.5	0.0	0.0	0.0
Investing	(19.4)	(285.5)	(746.6)	(746.6)
Capex (growth)	(264.1)	(550.0)	(550.0)	(550.0)
Investments	345.4	0.0	0.0	0.0
Proceeds from sale of assets	43.8	0.0	0.0	0.0
Others	(144.4)	264.5	(196.6)	(196.6)
Financing	(454.7)	(344.7)	(223.1)	(362.6)
Dividend payments	(636.7)	(645.3)	(664.2)	(702.2)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	767.4	1,141.1	1,141.1	1,141.1
Loan repayment	(1,686.7)	(840.5)	(700.1)	(801.5)
Others/interest paid	1,101.3	0.0	0.0	0.0
Net cash inflow (outflow)	478.3	831.0	455.6	419.0
Beginning cash & cash equivalent	2,979.2	3,457.1	4,288.1	4,743.7
Changes due to forex impact	(0.4)	0.0	0.0	0.0
Ending cash & cash equivalent	3,457.1	4,288.1	4,743.7	5,162.7

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	1,759.8	2,221.8	2,660.7	3,077.7
Other LT assets	2,916.7	2,962.0	3,000.5	3,033.3
Cash/ST investment	3,457.1	4,288.1	4,743.7	5,162.7
Other current assets	8,765.2	8,057.5	8,245.0	8,410.4
Total assets	16,898.9	17,529.5	18,650.0	19,684.1
ST debt	840.5	700.1	801.5	879.6
Other current liabilities	4,310.7	4,127.0	4,203.5	4,282.3
LT debt	256.3	697.3	1,036.9	1,298.4
Other LT liabilities	1,288.8	1,288.8	1,288.8	1,288.8
Shareholders' equity	10,335.7	10,849.3	11,452.3	12,068.0
Minority interest	(133.1)	(133.1)	(133.1)	(133.1)
Total liabilities & equity	16,898.9	17,529.5	18,650.0	19,684.1

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	16.4	14.2	15.5	16.1
Pre-tax margin	13.9	12.2	13.0	13.3
Net margin	9.7	8.5	9.1	9.2
ROA	8.3	6.7	7.0	6.9
ROE	14.2	10.9	11.4	11.2
Growth				
Turnover	4.2	(3.2)	2.0	2.1
EBITDA	4.2	(15.8)	11.1	6.3
Pre-tax profit	3.8	(15.5)	9.3	4.0
Net profit	10.8	(15.5)	9.3	4.0
Net profit (adj.)	10.8	(15.5)	9.3	4.0
EPS	(0.1)	(15.5)	9.3	4.0
Leverage				
Debt to total capital	9.8	11.8	14.4	15.8
Debt to equity	11.3	13.2	16.5	18.5
Net debt/(cash) to equity	(29.8)	(27.6)	(26.4)	(25.7)
Interest cover (x)	23.2	20.0	16.9	14.1

HSI and HS Tech Index Outlook

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Weekly Chart



Daily Chart



Hang Seng Index

Last close: 23,093.37
Expected moving range: 22,120 -24,520

Technical View:

Weekly Chart: Price maintained its dominant mark-down trajectory, accelerating downward towards the next support. While the broader swing structure remains aligned in a lower-high and lower-low hierarchy, the proximity to this support zone introduces the probability of a corrective response. The RSI is beneath its neutral 50-midline and continues to slope downward with negative velocity. However, as price approaches this support, it often triggers temporary buyer re-entry. Provided the support zone holds on initial contact, we could see an interim corrective pullback before any structural continuation of the broader mark-down sequence.

Daily Chart: Price printed a neutral Doji candlestick on Friday, signalling indecision and a temporary pause in prevailing sell-side momentum. Nestled within the prior session's real body, this price compression establishes a potential bullish Harami reversal pattern. The structural pivot hinges on Monday's session close - a decisive daily close above the 23,513 trigger threshold is required to validate the Harami confirmation, shifting tactical momentum towards a corrective bounce. Until 23,513 is decisively reclaimed on a closing basis, the structural hierarchy remains vulnerable to downside continuation, though a confirmed close above this key level opens the path towards upper overhead resistance.

Weekly Chart



Daily Chart



Hang Seng Tech Index

Last close: 3,871.66
Expected moving range: 3,610-4,240

Technical View:

Weekly Chart: Price was rejected upon retesting its support-turned-resistance zone. The RSI continues to slope downward with negative velocity towards oversold parameters. As long as price remains capped beneath this defended resistance, we see continued downward expansion towards deeper demand targets.

Daily Chart: Price exhibits deceleration following a sustained mark-down sequence, developing a potential bullish Harami pattern. Although the RSI remains anchored in a falling trajectory near oversold parameters, the narrowing real-body price action within the preceding candle's range suggests an emerging structural floor. The tactical pivot relies on Monday's session close - a decisive daily close above the 3,950 trigger baseline is required to validate pattern completion, shift momentum toward a corrective rebound. Until 3,950 is decisively reclaimed on a closing basis, the primary mark-down hierarchy remains vulnerable to downside continuation.

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