UOBKayHian

Country Daily | Greater China

Wednesday, 25 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	50018.7	0.9	(1.5)	(4.2)	4.1
S&P 500	7201.1	(0.5)	(1.9)	(5.5)	5.2
FTSE 100	10467.1	(0.1)	(2.1)	(2.1)	5.4
AS30	8832.6	1.9	(1.8)	(0.8)	(2.1)
CSI 300	3963.8	0.1	(0.3)	(3.4)	(14.4)
FSSTI	4958.9	0.1	(2.9)	(8.5)	6.7
HSCEI	7452.6	(1.0)	(5.7)	(3.9)	(16.4)
HSI	22219.7	(0.7)	(5.5)	(3.8)	(13.3)
JCI	5241.6	0.5	(1.2)	(3.6)	(39.4)
KLCI	1561.7	0.8	(0.9)	(3.1)	(7.0)
KOSPI	5006.0	6.3	0.8	(9.8)	18.8
Nikkei 225	58644.6	3.9	(1.7)	(6.5)	16.5
SET	1451.7	(0.2)	(1.6)	(7.1)	15.2
TWSE	40122.4	9.0	0.1	(12.9)	38.5
BDI	3068	2.3	6.0	15.3	63.5
CPO (RM/mt)	3983	(2.0)	(6.1)	(10.3)	1.3
Brent Crude (US$/bbl)	91	1.8	(2.4)	(22.1)	49.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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 Trade Balance, Exports, Imports	Hong Kong	26 Nov
Oct Industrial Profits	China	27 Nov
Nov PMI (Composite, Manufacturing, Non-manufacturing)	China	30 Nov
Oct Money Supply (M1, M2, M3)	Hong Kong	30 Nov

Top Stories

Company Results | Tongcheng Travel Holdings (780 HK/**HOLD**/HK$9.915/Target: HK$10.00)

Page 2 →

- TT's 3Q26 results are largely in line with expectations. Revenue grew 5.3% yoy to Rmb5.8b, in line with our estimate and consensus. Adjusted net profit rose 6.7% yoy to Rmb1.1b, in line with our forecast and consensus, while adjusted net margin expanded 0.3ppt yoy to 19.5%. Management guided for revenue to remain flat or fall 5% yoy and adjusted net profit of Rmb450m-500m before restructuring costs, reflecting pressure on railway ticketing. Downgrade to HOLD and lower target price to HK$10.00.

Company Results | Xiaomi Corp (1810 HK/**HOLD**/HK$26.50/Target: HK$25.90)

Page 5 →

- Xiaomi's 3Q26 revenue and adjusted net profit were broadly in line with our expectations, but both declined sharply yoy amid weaker smartphone and EV shipment volumes. The SKYNOMAD production ramp and overseas IoT expansion should provide near-term support, with EV deliveries expected to remain strong in November and December. Nevertheless, rising DRAM costs, longer smartphone replacement cycles and continued industry competition could constrain the earnings recovery in 2027. We maintain HOLD with a target price of HK$25.90.

Technical Analysis

BOC Hong Kong | 2388 HK

Page 8 →

- Support levels: HK$41.94/HK$41.16
- Resistance levels: HK$47.40/HK$48.40

AIA Group | 1299 HK

Page 8 →

- Support levels: HK$69.80/HK$68.10
- Resistance levels: HK$75.55/HK$76.70

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.

Tongcheng Travel Holdings (780 HK)

3Q26: Broadly In-line Results, Weaker-than-Expected 4Q26 Outlook

Highlights

- TT's 3Q26 results are largely in line with expectations. Revenue grew 5.3% yoy to Rmb5.8b, in line with our estimate and consensus. Adjusted net profit rose 6.7% yoy to Rmb1.1b, in line with our and consensus expectations, while adjusted net margin expanded 0.3ppt yoy to 19.5%. Management guided for revenue to remain flat or down 5% yoy, around 6% below our and consensus estimates and adjusted net profit at Rmb450m–500m before restructuring costs, mainly reflecting pressure on railway ticketing.
- Downgrade to HOLD with a lower target price of HK$10.00.

3Q26 Results

Year to 31 Dec (Rmbm)	3Q25	2Q26	3Q26	QoQ	YoY	UOBKH	Var	Cons	Var
Total Revenue	5,509	4,987	5,800	16.3%	5.3%	5,807	(0.1%)	5,792	0.1%
Transportation ticketing	2,209	1,838	2,164	17.7%	(2.0%)	2,142	1.0%		
Accommodation reservation	1,579	1,481	1,673	13.0%	5.9%	1,674	(0.1%)		
Others	821	1,025	1,117	8.9%	36.1%	1,108	0.8%		
Tourism	900	643	846	31.6%	(6.0%)	882	(4.1%)		
Cost of services	(1,887)	(1,660)	(1,826)	(10.0%)	3.2%	(1,916)	4.7%		
Gross profit	3,622	3,327	3,974	19.5%	9.7%	3,891	2.1%	3,851	3.2%
Operating expenses	(2,521)	(2,541)	(2,828)	(11.3%)	(12.2%)	(2,723)	(3.8%)		
Non IFRS Operating profit	1,206	953	1,180	23.9%	(2.1%)	1,237	(4.6%)	1,218	(3.1%)
Non-IFRS OPM	21.9%	19%	20.4%	1.2 ppt	(1.5 ppt)	21%	(0ppt)		
Non-IFRS net profit	1,060	851	1,132	33.0%	6.7%	1,117	1.3%	1,118	1.2%
GPM	65.7%	66.7%	68.5%	1.8 ppt	2.8 ppt	67.0%	1.5 ppt	66.5%	2.0 ppt
Non-IFRS NPM	19.2%	17.1%	19.5%	2.4 ppt	0.3 ppt	19.2%	0.3 ppt	19.3%	0.2 ppt

Source: Tongcheng Travel Holdings, Bloomberg, UOB Kay Hian

Analysis

- Resilient top-line growth led by hotel management and accommodation. Tongcheng Travel's (TT) 3Q26 revenue increased 5.3% yoy to Rmb5.8b (2Q26: +6.8%), in line with our estimate and consensus. Core OTA revenue rose 7.5% yoy to Rmb5.0b (2Q26: +8.4%). Transportation ticketing revenue declined 2.0% yoy to Rmb2.2b on lower ticketing volumes due to weather-related travel disruptions and train ticketing adjustments. Accommodation reservation revenue grew 5.9% yoy to Rmb1.7b, supported by higher average daily rate (ADR) and stronger demand for international hotel bookings. Revenue from other businesses surged 36.1% yoy to Rmb1.1b, led by hotel management and advertising services. Tourism revenue fell 6.0% yoy to Rmb845.9m, as geopolitical uncertainties and rising fuel costs weighed on outbound package-tour demand.
- **Operating metrics and margin performance.** Average monthly paying users fell 5.0% yoy to 45.3m, while annual paying users declined 1.1% yoy to 250.2m. The monthly-to-annual paying user ratio fell to 18.1% from 18.9% in 3Q25. Gross margin expanded 2.8ppt yoy to 68.5% on lower travel product and order processing costs. Non-IFRS operating margin fell 1.5ppt yoy to 20.4% as higher operating expenses outweighed the gross margin gains. Selling and marketing expenses rose 12.7% yoy on higher promotional spending and commissions, while administrative expenses increased 22.2% yoy on higher amortisation, professional fees and staff costs.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	17,341	19,396	20,560	21,601	22,596
EBITDA	2,825	3,650	4,083	3,994	4,299
Operating profit	2,423	3,137	3,515	3,413	3,706
Net profit (rep./act.)	1,974	2,371	2,820	2,750	3,091
Net profit (adj.)	2,785	3,403	3,416	3,254	3,595
EPS (Fen)	121.6	145.5	140.5	133.8	147.8
PE (x)	6.9	5.8	6.0	6.3	5.7
P/B (x)	0.9	0.9	0.8	1.2	1.0
EV/EBITDA (x)	7.0	5.4	4.8	4.9	4.6
Dividend yield (%)	1.8	2.1	2.0	2.2	2.5
Net margin (%)	11.4	12.2	13.7	12.7	13.7
Net debt/(cash) to equity (%)	(18.7)	(10.7)	(5.2)	(33.5)	(45.7)
Interest cover (x)	77.9	21.2	45.1	44.1	47.4
ROE (%)	10.1	11.0	12.0	13.6	17.6
Consensus net profit	-	-	3,701.5	4,050.6	4,552.1
UOBKH/Consensus (x)	-	-	0.92	0.80	0.79

Source: Tongcheng Travel Holdings, Bloomberg, UOB Kay Hian

Analyst(s)

Julia Pan
juliapan@uobkh.com
+86 21 5404 7225 ext 808

Ooi Su Yann
suyann@uobkh.com
+6032147 1912

HOLD (Downgraded)

Share Price	HK$9.915
Target Price	HK$10.00
Upside	0.9%
Previous TP	HK$18.00

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	780 HK
Shares issued (m)	2,354.3
Market cap (US$m)	23,343.0
Market cap (US$m)	2,976.6
3-mth avg daily t'over (US$m)	16.3

Price Performance (%)

52-week high/low				HK$25.42/HK$9.51
1mth	3mth	6mth	1yr	YTD
(0.9)	(24.3)	(33.4)	(52.8)	(55.8)

Major Shareholders (%)

Tencent Holdings Ltd	20.23

Balance Sheet Metrics

FY26 NAV/Share (Rmb$)	10.55
FY26 Net Debt/Share (Rmb$)	0.55

Price Chart



Source: Bloomberg

Company Description

Tongcheng Travel Holdings is a one-stop OTA for users' travel needs that offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel, including transportation ticketing, accommodation reservation and others.

- **Adjusted EBITDA growth and hotel network expansion.** Adjusted EBITDA grew 4.9% yoy to Rmb1.585b in 3Q26, while margin edged down 10bps yoy to 27.3%. TT had nearly 3,800 hotels in operation as at end-Sep 26 (2Q26: over 3,500), with more than 2,200 in the pipeline.
- **4Q26 outlook weakens as railway ticketing weighs on earnings.** TT expects both group and core OTA revenue to be flat to down 5% yoy in 4Q26. Adjusted net profit is guided at Rmb450m-500m before around Rmb100m of restructuring costs, implying Rmb350m-400m after these costs. Restrictions on higher-margin offline railway ticketing are the main earnings headwind. TT also expects a higher selling and marketing expense ratio as it steps up campaigns ahead of the Spring Festival, while restructuring will lift service development and administrative expenses.
- **4Q26 segment breakdown.** Accommodation reservation revenue is expected to grow 3-8% yoy, broadly in line with 3Q26, supported by low single-digit growth in both room nights and ADR, with the hotel take rate stable at 9.5-10%. Transportation ticketing revenue is guided to decline 8-13% yoy, with the take rate edging down to around 4%. Domestic air-ticketing trends are expected to broadly track the industry as higher fuel surcharges weigh on demand, while railway ticketing revenue is expected to decline more sharply than the segment overall. International hotel and air-ticketing revenue are expected to grow 30-40% yoy, with international room nights up over 30% and international air-ticket volumes up 15-20%. Other revenue is expected to grow 5-10% yoy, led by a 10-15% growth in hotel management, while tourism revenue is expected to decline 5-10% yoy on higher fuel costs and geopolitical uncertainty.
- **2026 earnings outlook weakens, with railway ticketing pressure set to weigh on 2027 margins**. Management indicated that the softer 4Q26 outlook would weigh more heavily on full-year earnings than on revenue. For 2027, management preliminarily expects accommodation reservation revenue to grow at a mid-to-high single-digit pace, transportation ticketing revenue to decline by low to mid-single digits, and tourism revenue to continue declining. Railway ticketing accounted for about 15% of core OTA revenue in 3Q26, down from about 35% in 2018. Management expects railway ticketing revenue to remain under pressure through 3Q27. Management estimates that railway ticketing restrictions could reduce the group's 2027 adjusted net margin by 1-2ppt after staffing adjustments and cross-selling to other transport services The outbound business reached an operating margin of around 10% in 2026, with air ticketing reaching breakeven and hotel bookings already profitable. Management expects the margin to remain around 10% in 2027 as TT continues to invest in growth.

Valuation/Recommendation

- **Downgrade to HOLD with a lower target price of HK$10.00,** based on 8x 2027F PE from the previous 12x and implying 0.6x PEG. TT currently trades at 8x 2027F PE, below its historical mean of 22x.

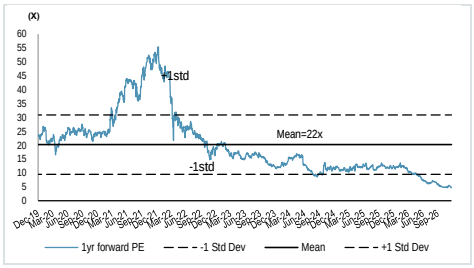
Earnings Revision/Risk

- We lower our 2026 revenue and adjusted net profit forecasts by 1.6% and 8.1%, respectively, to reflect weaker-than-expected 4Q26 guidance as restrictions on higher-margin offline railway ticketing weigh on revenue and profitability. Our 2026/2027 revised forecasts imply revenue yoy growths of 6.0%/5%, adjusted net profit growths of 0.4%/-5%, and adjusted net margins of 16.6%/15.5% respectively.
- **Risks:** a) Price war and competition may intensify due to growing market demand, and b) normalisation of domestic travel demand.

Share Price Catalyst

- Catalysts include: a) Strong macro recovery, b) domestic travel market continuing to exhibit strong growth, and c) increasing ARPU driven by long-haul travel.

12-Month Forward PE Band



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	19,396.0	20,560.0	21,601.4	22,595.7
EBITDA	3,649.9	4,083.4	3,994.3	4,299.0
Deprec. & amort.	512.6	568.4	580.9	592.8
EBIT	3,137.4	3,515.0	3,413.5	3,706.1
Total other non-operating income	(0.0)	(0.0)	0.0	0.0
Associate contributions	55.9	(5.6)	0.0	0.0
Net interest income/(expense)	(172.3)	(90.6)	(90.6)	(90.6)
Pre-tax profit	3,021.0	3,418.8	3,322.8	3,615.5
Tax	(611.9)	(589.1)	(572.6)	(524.3)
Minorities	(37.9)	(9.5)	0.0	0.0
Net profit	2,371.2	2,820.2	2,750.2	3,091.3
Net profit (adj.)	3,403.3	3,416.2	3,253.7	3,594.8

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	3,380.5	3,401.2	3,401.3	3,401.4
Other LT assets	18,300.7	17,696.3	3,063.8	3,072.9
Cash/ST investment	6,505.9	6,282.9	10,439.0	13,669.4
Other current assets	13,758.3	18,713.9	17,541.4	17,797.5
Total assets	41,945.3	46,094.3	34,445.5	37,941.2
ST debt	3,271.5	4,527.1	4,527.1	4,527.1
Other current liabilities	11,465.0	13,336.6	11,075.2	11,790.3
LT debt	828.3	487.6	487.6	487.6
Other LT liabilities	2,807.3	2,318.0	1,101.3	1,101.3
Shareholders' equity	22,555.1	24,342.7	16,172.0	18,952.5
Minority interest	1,018.2	1,082.4	1,082.4	1,082.4
Total liabilities & equity	41,945.4	46,094.3	34,445.5	37,941.2

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	4,310.9	3,482.1	4,496.3	3,734.9
Profit fo the year	3,021.0	3,418.8	3,322.8	3,615.5
Tax	(611.9)	(589.1)	(572.6)	(524.3)
Deprec. & amort.	512.6	568.4	580.9	592.8
Associates	(55.9)	5.6	0.0	0.0
Working capital changes	323.6	569.0	1,561.5	459.0
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	1,121.5	(490.6)	(396.3)	(408.2)
Investing	(4,698.1)	(3,169.6)	0.0	0.0
Capex (growth)	0.0	0.0	0.0	0.0
Investment	2,430.5	2,610.8	2,610.8	2,610.8
Others	(7,128.6)	(5,780.4)	(2,610.8)	(2,610.8)
Financing	(1,085.3)	(417.0)	(458.7)	(504.6)
Dividend payments	(379.1)	(417.0)	(458.7)	(504.6)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(706.2)	0.0	0.0	0.0
Net cash inflow (outflow)	(1,472.5)	(104.5)	4,037.6	3,230.3
Beginning cash & cash equivalent	8,020.0	6,505.9	6,401.5	10,439.0
Changes due to forex impact	(41.5)	0.0	0.0	0.0
Ending cash & cash equivalent	6,505.9	6,401.5	10,439.0	13,669.4

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	18.8	19.9	18.5	19.0
Pre-tax margin	15.6	16.6	15.4	16.0
Net margin	12.2	13.7	12.7	13.7
ROA	5.9	6.4	6.8	8.5
ROE	11.0	12.0	13.6	17.6
Growth				
Turnover	11.9	6.0	5.1	4.6
EBITDA	29.2	11.9	(2.2)	7.6
Pre-tax profit	26.0	13.2	(2.8)	8.8
Net profit	20.1	18.9	(2.5)	12.4
Net profit (adj.)	22.2	0.4	(4.8)	10.5
EPS	19.7	(3.5)	(4.8)	10.5
Leverage				
Debt to total capital	14.8	16.5	22.5	20.0
Debt to equity	18.2	20.6	31.0	26.5
Net debt/(cash) to equity	(10.7)	(5.2)	(33.5)	(45.7)
Interest cover (x)	21.2	45.1	44.1	47.4

Xiaomi Corp (1810 HK)

3Q26: EV Ramp And IoT Recovery Provide Support, But Memory Headwinds Persist

Highlights

- Revenue was slightly ahead and adjusted net profit was in line, as higher smartphone ASP partly offset weaker smartphone and EV shipment volumes.
- Management expects EV deliveries to remain strong in November and December, while IoT growth should benefit from overseas expansion. However, rising DRAM costs are expected to weigh on the smartphone and EV segments in 2027.
- Maintain HOLD with a target price of HK$25.90.

3Q26 Results

Year to 31 Dec (Rmbm)	3Q25	2Q26	3Q26	yoy (%)	qoq (%)
Revenue	113,121	108,922	107,240	(5.2)	(1.5)
Smartphones	45,969	42,119	45,579	(0.8)	8.2
IoT & Lifestyle products	27,552	31,278	27,153	(1.4)	(13.2)
Internet services	9,380	9,044	9,450	0.7	4.5
EV	29,010	24,896	23,884	(17.7)	(4.1)
Other	1,209	1,585	1,174	(2.9)	(26.0)
Gross Profit	25,936	21,609	21,615	(16.7)	0.0
Adjusted Net Profit	11,311	6,219	4,884	(56.8)	(21.5)
GPM (%)	22.9	19.8	20.2	(2.8)	0.3
Smartphones	11.1	8.5	9.2	(1.9)	0.6
IoT & Lifestyle products	23.9	20.1	21.7	(2.2)	1.6
Internet services	76.9	76.8	73.8	(3.1)	(3.0)
EV	25.5	19.2	19.2	(6.3)	0.0

Source: Xiaomi, UOB Kay Hian

Analysis

- **Revenue slightly ahead; adjusted net profit in line.** Revenue fell 5.2% yoy and 1.5% qoq to Rmb107,240m, 1.6% and 0.3% above our and consensus estimates, respectively, reflecting continued shipment weakness in smartphones and EVs, partly offset by higher smartphone ASP. Gross margin contracted 2.8ppt yoy to 20.2%, in line with our and consensus estimates. Adjusted net profit fell 56.8% yoy and 21.5% qoq to Rmb4,884m, in line with our estimate as operating expenses ended up largely in line with estimates.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	365,906	457,287	433,704	458,592	513,479
EBITDA	29,504	40,300	23,596	34,505	47,403
Operating profit	23,186	31,543	17,190	27,164	40,738
Net profit	23,658	41,643	23,210	24,503	36,786
Net profit (adj.)	27,235	39,166	22,322	24,503	36,786
EPS (fen)	109.7	162.3	90.5	95.5	143.4
P/E (x)	22.0	14.8	26.6	25.2	16.8
P/BV (x)	4.2	3.7	3.2	2.3	2.1
EV/EBITDA (x)	20.7	15.1	25.8	17.7	12.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	6.5	9.1	5.4	5.3	7.2
Net debt to equity (%)	(20.9)	1.0	(4.1)	(5.6)	(6.3)
Interest cover (x)	(6.4)	(18.1)	21.9	(14.3)	(14.2)
ROE (%)	15.4	17.2	8.0	8.1	11.1
Consensus net profit			24,145	31,263	40,611
UOBKH/Consensus (x)			0.92	0.78	0.91

Source: Xiaomi, Bloomberg, UOB Kay Hian

Analyst(s)

Johnny Yum
johnny.yum@uobkh.com
+852 2235 6760

Murphy Li
murphy.li@uobkh.com
+852 2826 4867

HOLD (Maintained)

Share Price	HK$26.50
Target Price	HK$25.90
Upside	-2.3%
Previous TP	n.a.

Stock Data

Sector	Communications Equipment
Bloomberg ticker	1810 HK
Shares issued (m)	25,741
Market cap (HK$m)	682,137
Market cap (US$m)	87,453
3-mth avg daily t'over (US$m)	501.1

Price Performance (%)

52-week high/low				HK$43.64/HK$21.30
1mth	3mth	6mth	1yr	YTD
(1.1)	(4.7)	(11.7)	(31.5)	(32.4)

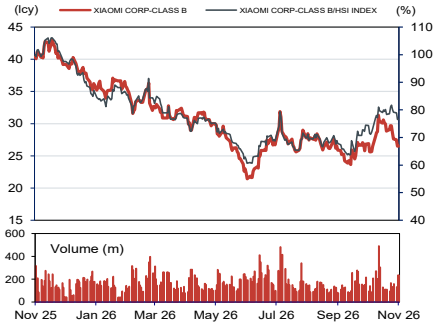
Major Shareholders (%)

Smart Mobile Holdings Ltd	8.54
Lin Bin	2.08

Balance Sheet Metrics

FY26 NAV/Share (HK$)	12.41
FY26 Net Cash/Share (HK$)	0.50

Price Chart



Source: Bloomberg

Company Description

Xiaomi Corporation manufactures communication equipment and parts. The company produces and sells mobile phones, smartphone software, set-top boxes and related accessories. Xiaomi markets its products worldwide.

- **DRAM costs to keep rising in 2027; premiumisation to support pass-through.** Management expects DRAM costs to continue rising in 2027, as supply capacity is unlikely to increase materially before 1H28, while NAND prices should remain broadly stable, with potential for a slight increase. Xiaomi plans to offset the resulting volume pressure through premiumisation and pass on higher costs through ASP increases, although higher prices could lengthen replacement cycles from around three years and nine months to four years.
- **IoT is past the worst, with overseas shipments to contribute more growth.** Management believes IoT has passed its trough, with TV and smart large home appliance revenue returning to positive yoy growth in 3Q26, while overseas TV shipments and revenue reached record highs. Overseas markets currently contribute about 30% of IoT revenue and Xiaomi aims to increase this share by introducing more product categories. Management sees overseas expansion, alongside domestic premiumisation and dedicated smart home appliance stores, as the key IoT growth drivers over the next two to three years.
- **EV deliveries to exceed October's record of 50,168.** Management expects November and December deliveries to surpass this level, supported by the SKYNOMAD production ramp and the fulfillment of strong initial locked orders. SKYNOMAD is also broadening Xiaomi's customer base toward older, family-oriented buyers, with more than 50% aged 35 or above and 88% being family users.
- **Robotics enters pilot deployment, but still too early for monetisation.** Xiaomi has begun small-scale robot deployments at its auto factory and Xiaomi Youth Apartments. However, monetisation is still being explored, despite viewing embodied intelligence as a major long-term opportunity whose potential could exceed that of the auto industry.
- **BIS restrictions create uncertainty for future chip access.** Management expects no impact on chips already approved and in use, but additional purchases and newer-generation chips may require fresh BIS approval. As the framework remains new and implementation is still evolving, Xiaomi is assessing the potential impact on future chip procurement.

Valuation/Recommendation

- **Maintain HOLD with target price unchanged at HK$25.90,** based on: a) HK$18.05 for the core business at 15.0x 2027 PE; and b) HK$7.85 for the EV business, based on a DCF valuation with a WACC of 10.8%, which also implies 1.7x 2027 EV/sales.

Earnings Revision/Risk

- We cut our 2026-28 adjusted net profit forecasts by 11.8%/2.5%/3.2% to Rmb22,322m/Rmb24,503m/Rmb36,786m, as we lower our ASP assumption for the EV segment and fine-tune our margin assumptions for the IoT segment.

SOTP Valuation

EV		Core	
Intrinsic value (Rmb)	$173,140	EPS (Rmb)	1.03
CNY to HKD	1.17	CNY to HKD	1.17
Intrinsic value (HK$)	$202,574	EPS (HK$)	1.20
Valuation	$7.85	Valuation	18.05
EV/Sales (2027) (x)	1.7	PE Multiple (x)	15.0

Source: Xiaomi, UOB Kay Hian

Changes To 2026-28 Estimates

Year to 31 Dec	Old estimates			New estimates			Differences (%)		
(Rmbm)	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Turnover	437,686	462,494	517,984	433,704	458,592	513,479	(0.9)	(0.8)	(0.9)
Smartphones	174,325	169,402	182,214	174,325	169,402	182,214	-	-	-
IoT and Lifestyle products	110,880	116,424	122,245	110,880	116,424	122,245	-	-	-
Internet services	37,271	40,767	42,511	37,317	40,612	42,354	0.1	(0.4)	(0.4)
EV	111,072	131,764	166,877	107,045	128,018	162,529	(3.6)	(2.8)	(2.6)
Margins (%)									
Smartphones	9.0	8.3	8.5	9.0	8.3	8.5	-	-	-
IoT and Lifestyle products	21.3	22.0	23.0	21.5	22.0	23.0	0.2	-	-
Internet services	75.2	74.0	74.5	75.2	74.0	74.5	-	-	-
EV	20.3	21.6	22.5	20.2	21.6	22.4	(0.1)	0.0	(0.1)

Source: Xiaomi, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	457,287	433,704	458,592	513,479
EBITDA	40,300	23,596	34,505	47,403
Depreciation & amortization	(8,757)	(6,406)	(7,341)	(6,665)
EBIT	31,543	17,190	27,164	40,738
Total other non-operating income	16,358	12,673	-	-
Associate contributions	326	168	-	-
Net interest income/(expense)	1,746	(783)	1,902	2,866
Pre-tax profit	49,647	29,080	29,066	43,604
Tax	(8,080)	(5,912)	(4,609)	(6,835)
Minorities	77	43	45	16
Net profit	41,643	23,210	24,503	36,786
Net profit (recurrent)	39,166	22,322	24,503	36,786

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	27,950	37,696	47,182	53,469
Other LT assets	209,572	226,420	242,593	262,642
Cash/ST investment	26,914	41,315	47,037	51,686
Other current assets	243,660	205,506	204,429	233,211
Total assets	508,096	510,937	541,241	601,007
ST debt	6,649	6,649	6,649	6,649
Other current liabilities	185,756	165,430	171,277	194,373
LT debt	22,921	22,921	22,921	22,921
Other LT liabilities	26,446	26,446	26,446	26,446
Shareholders' equity	266,219	289,429	313,932	350,717
Minority interest	105	62	16	0
Total liabilities & equity	508,096	510,937	541,241	601,107

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	34,142	48,184	36,820	34,883
Pre-tax profit	49,647	29,080	29,066	43,604
Tax	(8,080)	(5,912)	(4,609)	(6,835)
Depreciation/amortization	8,757	6,406	7,341	6,665
Associates	(326)	(168)	-	-
Working capital changes	(12,677)	2,064	6,924	(5,685)
Non-cash items	(3,178)	16,714	(1,902)	(2,866)
Other operating cashflows	-	-	-	-
Investing	(71,679)	(33,000)	(33,000)	(33,100)
Capex (growth)	(13,000)	(13,000)	(13,000)	(10,000)
Investments	-	-	-	(3,000)
Proceeds from sale of assets	-	-	-	-
Others	(58,679)	(20,000)	(20,000)	(20,100)
Financing	30,766	(783)	1,902	2,866
Dividend payments	-	-	-	-
Issue of shares	-	-	-	-
Proceeds from borrowings	10,000	10,000	10,000	10,000
Loan repayment	(25,998)	(10,000)	(10,000)	(10,000)
Others/interest paid	46,764	(783)	1,902	2,866
Net cash inflow (outflow)	(6,770)	14,400	5,722	4,649
Beginning cash & cash equivalent	33,661	26,914	41,315	47,037
Changes due to forex impact	23	-	-	-
Ending cash & cash equivalent	26,914	41,315	47,037	51,686

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	22.3	20.6	21.2	21.7
Pretax margin	10.3	6.4	6.3	8.5
Net margin	9.1	5.4	5.3	7.2
ROA	8.6	4.4	4.7	6.4
ROE	17.2	8.0	8.1	11.1
Growth				
Turnover	25.0	(5.2)	5.7	12.0
Gross profit	33.0	(12.3)	9.1	14.6
Pre-tax profit	76.5	(41.4)	(0.0)	50.0
Net profit	76.0	(44.3)	5.6	50.1
Net profit (adj)	43.8	(43.0)	9.8	50.1
EPS (adj.)	48.0	(44.3)	5.6	50.1
Leverage				
Debt to total capital	5.8	5.8	5.5	0.0
Debt to equity	11.1	10.2	9.4	8.4
Net debt to equity	1.0	(4.1)	(5.6)	(6.3)
Interest cover (x)	(18.1)	21.9	(14.3)	(14.2)

Technical Analysis

Analyst(s)

Greater China Research Team
research-hk@uobkh.com

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



BOC Hong Kong (2388 HK)

Last price:	HK$46.06
Support levels:	HK$41.94/HK$41.16
Resistance levels:	HK$47.40/HK$48.40

The price was rejected at its support-turned-resistance ceiling. The RSI remains firmly in bearish territory and continues to fall. If the price remains capped below the support-turned-resistance zone, we see continued downward progression toward deeper structural lows.

Average timeframe: Around two weeks.



AIA Group (1299 HK)

Last price:	HK$74.00
Support levels:	HK$69.80/HK$68.10
Resistance levels:	HK$75.55/HK$76.70

The price was resisted at its previous gap resistance zone. The RSI remains firmly in bearish territory and continues to fall. If the price remains capped below the gap resistance zone, we see continued downward progression toward deeper structural lows.

Average timeframe: Around two weeks.

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."