HSBC Global Investment Research

1 June 2026

China Consumer

Moving with momentum – we reset the valuation playbook

Equities
Consumer

China

- Consumer valuations are being driven by earnings momentum, so we switch from DCF to PE, leading to sharp falls in most TPs
- Preferred names: profit turnaround – Haidilao/Mengniu; strong growth – Nongfu/H World; 2027 inflection – Li Ning/Guming
- A further boost in shareholder returns is the key catalyst; we also adjust earnings and downgrade Yue Yuen from Buy to Hold

Out with DCF, in with PE. It's still a bit grim out there. Demand has stabilised but remains subdued due to macro weakness and persistent pressure on middle-class spending. At the same time, geopolitical risks weigh on sector earnings visibility and valuations because of volatility in input costs. The MSCI China Consumer index is down 9% y-t-d, underperforming the HSI by 10ppts. The market is increasingly focused on near-term earnings, while long-term structural narratives about China consumption are receiving limited investor attention. Against this backdrop, we believe the valuation dynamics of China consumer stocks have shifted. We switch from using DCF – which we have generally used to value the sector for more than a decade and assumes relatively stable long-term cash flows – to a target PE-based framework that we think better captures earnings growth, trading ranges, and potential re-rating/de-rating catalysts.

Our new preferred stocks. Our revised list pivots to a screening framework centred on earnings momentum. 1) Positive earnings momentum driven by profit turnaround (earnings recovery): **Mengniu,** supported by raw milk cycle recovery and product mix optimisation, and **Haidilao**, which benefits from improved execution under returning corporate leadership. 2) Companies with strong earnings growth and potential upside to consensus revisions: **H World** and **Nongfu Spring**, supported by resilient margins and strong top-line growth. And 3) 2027 inflection trades with valuation support: **Li Ning** and **Guming** – earnings re-acceleration could emerge in 2027e, and with de-rating risk largely priced in this leaves room for potential re-rating.

Shareholder returns the key catalyst. China consumption growth remains K-shaped. While a broader diffusion of the wealth effect, supported by early signs of green shoots in the property market, could support a gradual recovery in mid-tier demand, we believe it is premature to call for a broad-based sector re-rating. Instead, further enhancements in shareholder returns remain the primary stock catalyst, in our view.

Stocks. Switching from a DCF-based valuation to a target PE approach results in material reductions in the potential upside to our target prices; see Figure 3 for old/new TPs across our coverage universe. We revise our 2026e earnings forecasts across our coverage – Shenzhou, Guming, Xtep, Pop Mart, Yue Yuen, H World, Nongfu Spring, Laopu Gold, Miniso, CTG Duty Free, and Topsports – by between -16% and +15% (see Figures 46-59 for changes to estimates for individual companies). We also downgrade our rating on Yue Yuen to Hold from Buy after cutting our target price by 23%.

With this report, Yimin Wang assumes primary coverage of Topsports International.

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Figure 1. Updated preferred stock list

Company	Ticker	Currency	Current Price	TP	Rating	Upside/ Downside	Market cap (USDm)	3m ADTV (USDm)	Dividend yield FY26e	PE FY26e	PE FY27e	TP implied 1-yr forward PE
Haidilao International	6862 HK	HKD	12.36	18.50	Buy	49.7%	8,794	39.7	7.1%	13.0	12.2	18.5
China Mengniu Dairy	2319 HK	HKD	16.59	23.80	Buy	43.5%	8,214	47.8	4.9%	11.2	10.3	15.1
Nongfu Spring	9633 HK	HKD	42.48	56.80	Buy	33.7%	59,804	42.4	3.1%	22.9	20.3	28.4
H World Group-US	HTHT US	USD	44.70	61.60	Buy	37.8%	13,753	94.7	6.5%	17.9	14.7	21.8
H World Group-H	1179 HK	HKD	34.44	48.00	Buy	39.4%	13,753	14.0	6.5%	17.8	14.6	21.8
Li Ning	2331 HK	HKD	17.78	24.80	Buy	39.5%	5,867	52.2	3.5%	14.1	11.7	17.6
Guming	1364 HK	HKD	22.76	29.10	Buy	27.9%	6,909	19.2	2.9%	15.4	12.3	18.9

Note: Priced as of 28 May 2026

Source: HSBC estimates, Bloomberg

Figure 2. Our preferred stocks vs consensus

RMBm	2026e HSBC estimates	2026e Consensus	2026e % diff	2027e HSBC estimates	2027e Consensus	2027e % diff
Haidilao						
Total revenue	46,819	46,726	0.2%	49,526	50,052	-1.1%
Net profit	4,449	4,529	-1.8%	4,765	5,028	-5.2%
China Mengniu Dairy						
Total revenue	86,678	86,168	0.6%	90,598	89,668	1.0%
Net profit	4,998	4,953	0.9%	5,458	5,493	-0.6%
Nongfu Spring						
Total revenue	61,501	59,877	2.7%	69,225	67,070	3.2%
Net profit	18,042	17,594	2.5%	20,337	19,807	2.7%
H World						
Total revenue	27,207	26,846	1.3%	28,528	28,632	-0.4%
Net profit	5,344	5,749	-7.0%	6,610	6,639	-0.4%
Li Ning						
Total revenue	31,182	31,810	-2.0%	33,420	33,943	-1.5%
Net profit	2,816	3,071	-8.3%	3,396	3,479	-2.4%
Guming						
Total revenue	16,214	16,256	-0.3%	19,903	19,479	2.2%
Net profit	3,048	3,231	-5.7%	3,819	3,924	-2.7%

Source: HSBC estimates, LSEG Datastream

Figure 3. Full stock coverage list

Company	Ticker	Currency	Current price	Old DCF-based TP: TP – old	Old DCF-based TP: Implied upside/ downside	Old DCF-based TP: Implied 1-yr forward PE (x)	New PE-based TP: TP – new	New PE-based TP: Implied upside/ downside	New PE-based TP: Target PE (x)	% change in EPS: FY26e	% change in EPS: FY27e	% change in TP
Anta Sports	2020 HK	HKD	74.50	108.20	45.2%	17.7	96.30	29.3%	15.6	NA	NA	-11.0%
Bosideng	3998 HK	HKD	4.21	5.70	35.4%	13.5	5.00	18.8%	11.7	NA	NA	-12.3%
CR Beverage	2460 HK	HKD	7.62	8.00	5.0%	18.1	7.10	-6.8%	15.8	NA	NA	-11.3%
CTG Duty Free - A	601888 CH	RMB	54.76	80.90	47.7%	32.5	67.20	22.7%	27.0	-9.2%	-9.4%	-16.9%
CTG Duty Free - H	1880 HK	HKD	52.10	76.70	47.2%	32.5	64.60	24.0%	22.1	-8.8%	-9.7%	-15.8%
China Mengniu Dairy	2319 HK	HKD	16.59	25.10	51.3%	16.1	23.80	43.5%	15.1	NA	NA	-5.2%
Chow Tai Fook	1929 HK	HKD	10.86	17.40	60.2%	17.9	13.50	24.3%	13.9	NA	NA	-22.4%
Giant Biogene	2367 HK	HKD	27.02	42.10	55.8%	19.0	33.40	23.6%	14.8	NA	NA	-20.7%
Guming	1364 HK	HKD	22.76	39.40	73.1%	26.0	29.10	27.9%	18.9	-7.9%	-4.6%	-26.1%
H World Group - US	HTHT US	USD	44.70	63.40	41.8%	22.8	61.60	37.8%	21.8	-3.9%	-6.6%	-2.8%
H World Group - H	1179 HK	HKD	34.44	49.50	43.7%	22.8	48.00	39.4%	21.8	-3.9%	-6.6%	-3.0%
Haidilao International	6862 HK	HKD	12.36	17.90	44.8%	18.2	18.50	49.7%	18.5	NA	NA	3.4%
Haier Smart Home - A	600690 CH	RMB	20.11	21.80	8.4%	9.5	22.20	10.4%	9.7	NA	NA	1.8%
Haier Smart Home - H	6690 HK	HKD	19.28	21.40	11.0%	9.5	22.10	14.6%	8.2	NA	NA	3.3%
Laopu Gold	6181 HK	HKD	487.40	950.00	94.9%	15.5	729.20	49.6%	11.7	15.3%	3.4%	-23.2%
Li Ning	2331 HK	HKD	17.78	24.40	28.8%	17.5	24.80	39.5%	17.6	NA	NA	1.6%
Mao Geping	1318 HK	HKD	57.40	102.40	78.4%	32.1	70.00	22.0%	21.6	NA	NA	-31.6%
Miniso - US	MNSO US	USD	12.57	24.50	94.9%	14.3	18.10	44.0%	10.9	12.6%	1.7%	-26.1%
Miniso - H	9896 HK	HKD	24.16	47.70	97.4%	14.3	35.30	46.1%	10.9	12.6%	1.7%	-26.0%
Mixue	2097 HK	HKD	252.00	455.90	80.9%	22.8	319.40	26.7%	15.8	NA	NA	-29.9%
Nongfu Spring	9633 HK	HKD	42.48	57.30	34.9%	29.1	56.80	33.7%	28.4	4.9%	5.0%	-0.9%
Pop Mart	9992 HK	HKD	161.50	235.50	45.8%	18.1	189.50	17.3%	14.3	-5.1%	-4.9%	-19.5%
Shenzhou	2313 HK	HKD	46.24	78.00	68.7%	15.3	58.40	26.3%	11.3	-2.4%	-6.6%	-25.1%
Topsports International	6110 HK	HKD	2.78	3.00	7.9%	12.7	2.80	0.7%	11.8	-8.2%	-9.1%	-6.7%
Xtep Int'l	1368 HK	HKD	4.13	5.00	21.1%	8.6	4.60	11.4%	7.7	-7.8%	-4.0%	-8.0%
Yue Yuen Industrial	551 HK	HKD	14.66	18.90	28.9%	12.4	14.50	-1.1%	8.9	-16.0%	-8.6%	-23.3%
Yum China - US	YUMC US	USD	43.04	59.60	38.5%	18.7	54.20	25.9%	17.0	NA	NA	-9.1%
Yum China - H	9987 HK	HKD	338.20	464.90	37.5%	18.7	422.80	25.0%	17.0	NA	NA	-9.1%

Note: Priced as of 28 May 2026

Source: Bloomberg; HSBC for target prices and ratings

Contents

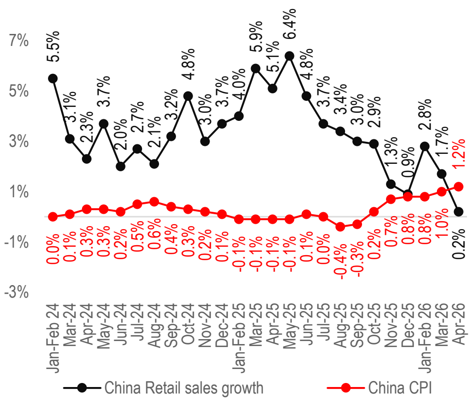
Executive summary

- Consumer valuations are being driven by earnings momentum – so we switch from using DCF to using PE, leading to sharp falls in TPs
- Our preferred names are: profit turnaround – Haidilao/Mengniu; strong growth – Nongfu/H World; 2027 inflection – Li Ning/Guming
- A sector-wide re-rating may take time; a further boost in shareholder returns should be the key catalyst for stocks

A lack of thematic opportunities in 2026

Consumer demand is stabilising but not inflecting, pointing to a continued absence of broad-based thematic opportunities. In 4M26, China retail sales grew 1.9% y-o-y, improving from 1.6% in 4Q25, but still below the 3.7% 2025 level. While the most pessimistic phase may have passed, the current trajectory suggests stabilisation rather than a growth phase. Consumer confidence edged up to 90.0 in March 2026, extending a gradual recovery from 3Q25, but in our view remains insufficient to drive a meaningful re-acceleration. Meanwhile, labour market conditions show limited improvement, continuing to cap demand recovery. See our economics team's latest note on China retail sales: *China's cautious consumer: Why we are cutting our retail sales growth forecast*, 22 May 2026).

Figure 4. China retail sales and CPI



Source: NBS

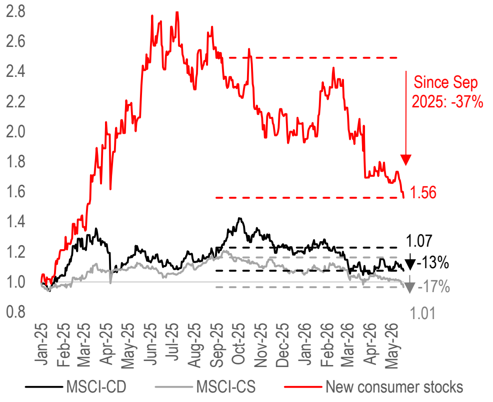
Figure 5. China unemployment rate and consumer confidence

Source: NBS

Consumer stocks lack a clear thematic anchor following the unwind of the "new consumer" trade in 2025. The sub-segment of newly listed H-share high-growth consumer names is down 33% since September 2025, underperforming broader weakness (MSCI Consumer Discretionary (CD) and Consumer Staple (CS) indexes down by 13% and 17% over the same period).

Valuation compression has been significant: the "new consumer" group now trades at 16.6x 1-year forward PE (vs 39.5x at the August 2025 peak), with the premium to MSCI CD / CS narrowing to 5%/15% (from 198%/126% at the peak).

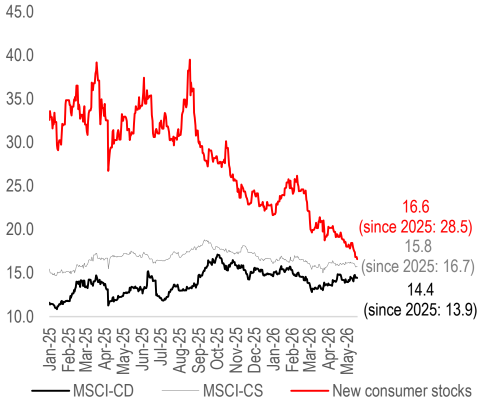
Figure 6. Performance of MSCI CS/CD Index and new consumer stocks (1 January 2025 = 1)



Note: New consumer stocks include Pop Mart (9992 HK), Mao Geping (1318 HK), Mixue (2097 HK), Guming (1364 HK), Bloks (0325 HK), Laopu Gold (6181 HK), and East Buy (1797 HK).

Source: Bloomberg

Figure 7. 1-year forward PE of MSCI CS/CD Index and new consumer stocks



Note: New consumer stocks include Pop Mart (9992 HK), Mao Geping (1318 HK), Mixue (2097 HK), Guming (1364 HK), Bloks (0325 HK), Laopu Gold (6181 HK), and East Buy (1797 HK).

Source: Bloomberg

Resetting our valuation framework

Consumption remains a laggard. Demand has stabilised but remains subdued, constrained by macro uncertainty and ongoing pressure on middle-class consumption. Persistent fund outflows are weighing on sector performance and valuations. Meanwhile, geopolitical risks are elevating earnings uncertainty, particularly through volatility in input costs and low visibility on margin pass-through.

Against this backdrop, we believe the valuation paradigm for China consumer stocks has shifted. We therefore move away from DCF-based valuation – which assumes relatively stable long-term cash flows – towards a target PE-based framework that better captures historical trading ranges and potential re-rating/de-rating catalysts.

Figure 8. Resetting our valuation framework

Company	Ticker	Currency	Current price	Old DCF-based TP		New PE-based TP		% chg in TP	Rationale for target PE (in TP)
				TP – old	Implied 1-yr forward PE (x)	TP -new	Target PE (x)		
Anta Sports	2020 HK	HKD	**74.50**	**108.20**	17.7	**96.30**	15.6	-11.0%	Lower to 0.5 standard deviations below the average one-year forward PE since 2023 to reflect the slower growth of the sportswear industry and intensifying competition
Bosideng	3998 HK	HKD	**4.21**	**5.70**	13.5	**5.00**	11.7	-12.3%	Lower to its average one-year forward PE since 2023
CR Beverage	2460 HK	HKD	**7.62**	**8.00**	18.1	**7.10**	15.8	-11.3%	Lower to 1.0 standard deviations above the average one-year forward PE since IPO to reflect the bottoming out of its earnings cycle but still with no visibility for an upcycle
CTG Duty Free - A	601888 CH	RMB	**54.76**	**80.90**	32.5	**67.20**	27.0	-16.9%	Lower to 0.5 standard deviations above the average one-year forward PE since 2023 to reflect the recovery growth in its Hainan DFS, the profit centre of the group
CTG Duty Free - H	1880 HK	HKD	**52.10**	**76.70**	32.5	**64.60**	22.1	-15.8%	Derived from A-share target price based on 18% H to A discount and HKD:RMB forecast of 1.17
China Mengniu Dairy	2319 HK	HKD	**16.59**	**25.10**	16.2	**23.80**	15.1	-5.2%	Lower to 1.0 standard deviations above the average one-year forward PE since 2023 to reflect its earnings upcycle driven by recovery in raw milk prices
Chow Tai Fook	1929 HK	HKD	**10.86**	**17.40**	17.9	**13.50**	13.9	-22.4%	Lower to its average one-year forward PE since 2023
Giant Biogene	2367 HK	HKD	**27.02**	**42.10**	19.0	**33.40**	14.8	-20.7%	Lower to 1.0 standard deviations below the average one-year forward PE since 2023 to reflect the de-rating of the company as its hero Comfy brand faces growth challenges
Guming	1364 HK	HKD	**22.76**	**39.40**	26.0	**29.10**	18.9	-26.1%	Lower to 0.5 standard deviations below the average one-year forward PE since IPO to reflect its margin risk in 2026e with fade-out of delivery subsidies
H World Group - US	HTHT US	USD	**44.70**	**63.40**	22.8	**61.60**	21.8	-2.8%	Lower to its average one-year forward PE since 2023
H World Group - H	1179 HK	HKD	**34.44**	**49.50**	22.8	**48.00**	21.8	-3.0%	Derived from US share target price based on USD:HKD forecast of 7.80
Haidilao International	6862 HK	HKD	**12.36**	**17.90**	18.2	**18.50**	18.5	+3.4%	Raise to its average one-year forward PE since 2023
Haier Smart Home - A	600690 CH	RMB	**20.11**	**21.80**	9.5	**22.20**	9.7	+1.8%	Raise to 1.5 standard deviations below the average one-year forward PE since 2023 to reflect it has not yet emerged from current earnings downcycle in both China and Overseas
Haier Smart Home - H	6690 HK	HKD	**19.28**	**21.40**	9.5	**22.10**	8.2	+3.3%	Derived from A-share target price based on 15% H to A discount and HKD:RMB forecast of 1.17
Laopu Gold	6181 HK	HKD	**487.40**	**950.00**	15.5	**729.20**	11.7	-23.2%	Lower to 1.1 standard deviations below the average one-year forward PE since IPO to reflect uncertainty around its transition towards branding-led growth
Li Ning	2331 HK	HKD	**17.78**	**24.40**	17.5	**24.80**	17.6	+1.6%	Raise to 0.5 standard deviations above the average one-year forward PE since 2023 to reflect its positive earnings cycle from 2027
Mao Geping	1318 HK	HKD	**57.40**	**102.40**	32.1	**70.00**	21.6	-31.6%	Lower to 1.0 standard deviations below the average one-year forward PE since IPO to reflect the de-rating of the beauty sector and share disposal pressure from its major shareholders
Miniso - US	MNSO US	USD	**12.57**	**24.50**	14.3	**18.10**	10.9	-28.6%	Lower to 1.0 standard deviations below the average one-year forward PE since 2023 to reflect the persistent uncertainty on its earnings outlook
Miniso - H	9896 HK	HKD	**24.16**	**47.70**	14.3	**35.30**	10.9	-28.5%	Derived from US share target price based on conversion ratio of 4:1 and USD:HKD forecast of 7.80
Mixue	2097 HK	HKD	**252.00**	**455.90**	22.8	**319.40**	15.8	-29.9%	Lower to 1.3 standard deviations below the average one-year forward PE since IPO to reflect its margin downcycle as platform delivery subsidies fade out
Nongfu Spring	9633 HK	HKD	**42.48**	**57.30**	29.1	**56.80**	28.4	-0.9%	Lower to 0.5 standard deviations below the average one-year forward PE since 2023 to reflect its more mature growth stage with its leading market shares in each product segments
Pop Mart	9992 HK	HKD	**161.50**	**235.50**	18.1	**189.50**	14.3	-19.5%	Lower to 1.3 standard deviations below the average one-year forward PE since 2023 to reflect the persistent earnings risk from re-basing of its Labubu products
Shenzhou	2313 HK	HKD	**46.24**	**78.00**	15.3	**58.40**	11.3	-25.1%	Lower to 1.0 standard deviations below the average one-year forward PE since 2023 to reflect the continuous uncertainty on orders from its major sportswear clients
Topsports	6110 HK	HKD	**2.78**	**3.00**	12.7	**2.80**	11.8	-6.7%	Lower to its average one-year forward PE since 2023
Xtep Int'l	1368 HK	HKD	**4.13**	**5.00**	8.6	**4.60**	7.7	-8.0%	Lower to 1.0 standard deviations below the average one-year forward PE since 2023 to reflect the slower growth of the sportswear industry and company specific risk from its D2C transformation
Yue Yuen Industrial	551 HK	HKD	**14.66**	**18.90**	12.4	**14.50**	8.9	-23.3%	Lower to 1.5 standard deviations above the average one-year forward PE since 2023 to reflect the bottoming out of its earnings cycle from 2027
Yum China - US	YUMC US	USD	**43.04**	**59.60**	18.7	**54.20**	17.0	-9.1%	Lower to 0.5 standard deviations below the average one-year forward PE since 2023 to reflect the normalisation of its payout to 100% of FCF from 2027e
Yum China - H	9987 HK	HKD	**338.20**	**464.90**	18.7	**422.80**	17.0	-9.1%	Derived from US share target price based on conversion ratio of 1:1 and USD:HKD forecast of 7.80

Note: Priced as of 28 May 2026
Source: Bloomberg; HSBC TP and Rating

Preferred picks based on momentum screen

The market is becoming increasingly focused on near-term earnings delivery, while long-term structural narratives in China consumption continue to receive limited investor attention. As a result, our preferred list now pivots toward a screening framework centred on earnings momentum. Our preferred picks include: **1) positive earnings momentum driven by margin expansion (earnings recovery)**: Mengniu, supported by a raw milk cycle recovery and product mix optimisation, and Haidilao, benefiting from execution improvements under returning leadership; **2) companies with strong earnings growth and potential upside to consensus revisions**: H World and Nongfu Spring, supported by both resilient margin and strong top-line growth; and **3) 2027 inflection trade with valuation support**: Li Ning and Guming, where earnings re-acceleration could emerge in 2027 with de-rating risk largely priced in, leaving room for potential re-rating.

Figure 9. Preferred picks based on earnings momentum

	Investment thesis	Earnings & valuation profile
Positive earnings momentum driven by margin expansion		
Haidilao (6862 HK, Buy, TP HKD18.50)	We believe Haidilao could end its two-year earnings decline with founder Mr Zhang Yong's return as CEO, driven by stabilisation in the core Haidilao brand and incremental earnings contribution from new ventures, including its top-down multi-brand strategy and delivery businesses targeting more single-person meal dining. The share buyback announced by the largest shareholder in early April also reinforces confidence in the company's execution going forward.	Over 2026-28e, we expect an adjusted net profit CAGR of 8.1% on revenue CAGR of 5.6%. The stock now trades at 2026e PE of 13.0x or dividend yield of 7.1% based on our estimates.
China Mengniu Dairy (2319 HK, Buy, TP HKD23.80)	Mengniu's earnings have been weighed down by a prolonged raw milk downcycle and weakening demand for traditional liquid milk. We see 2026 as a potential turning point, supported by a trough in the raw milk cycle and a revamped product portfolio, alongside further upside in shareholder returns.	Over 2026-28e, we expect an adjusted net profit CAGR of 8.2% on revenue CAGR of 4.1%. The stock now trades at 2026e PE of 11.2x or dividend yield of 4.9% based on our estimates.
Strong earnings growth and potential upside revisions		
Nongfu Spring (9633 HK, Buy, TP HKD56.80)	Nongfu's growth remains underpinned by strong market share momentum across its packaged water and beverage businesses. While rising PET costs create margin uncertainty, they could also reinforce market share gains, partially offsetting GPM pressure. Our 2026 OP is 4% head of consensus on a 3% above consensus revenue forecast.	Over 2026-28e, we expect an adjusted net profit CAGR of 12.6% on revenue CAGR of 12.6%. The stock now trades at 2026e PE of 22.6x or dividend yield of 3.1% based on our estimates.
H World (HTHT US/1179 HK, Buy/Buy, TP USD61.60/HKD48.00)	We believe HTHT can continue outperforming peers in a moderate mainland China RevPAR recovery cycle. Our 2026 OP is 2% head of consensus on 1% above consensus revenue forecast, driven by more optimistic view on margins for its O&L hotels and marketing cost efficiency.	Over 2026-28e, we expect an adjusted net profit CAGR of 15.9% on revenue CAGR of 4.9%. The stock now trades at 2026e PE of 16.5x or dividend yield of 6.5% based on our estimates.
2027 inflection trade with valuation support		
Li Ning (2331 HK, Buy, TP HKD24.80)	With renewed brand momentum, we expect Li Ning to end its relative underperformance vs. the industry from 2026 and accelerate further in 2027. However, earnings recovery should lag due to front-loaded branding investments. During its brand downcycle from 2022-25, Li Ning traded at an average one-year forward PE of 18.2x. Its current valuation of 14.2x one-year forward PE (based on our estimate) suggests limited downside if the brand cycle stabilises. As brand momentum and earnings recovery emerge, we see scope for the shares to re-rate.	Over 2026-28e, we expect an adjusted net profit CAGR of 14.1% on a revenue CAGR of 6.4%. The stock now trades at a 2026e PE of 14.1x or dividend yield of 3.5% based on our estimates.
Guming (1364 HK, Buy, TP HKD29.10)	We believe Guming is well positioned to emerge as the leading player in China's mid-priced freshly-made beverage market, supported by its tea-to-coffee expansion and rapid product cycle under its "fast fashion" model. That said, 2026 earnings visibility remains pressured by fading platform delivery subsidies. We expect 2027 earnings momentum to improve through: 1) easing margin pressure from subsidy normalisation; 2) continued store expansion outpacing peers, supported by resilient unit economics (UE), with total store count reaching 16,876 by 2026e-end vs. management's estimated 30k ceiling; 3) store revamps in mature regions driving renewed growth in its mature markets.	Over 2026-28e, we expect an adjusted net profit CAGR of 22.0% on a revenue CAGR of 20.6%. The stock now trades at a 2026e PE of 15.3x or dividend yield of 2.9% based on our estimates.

Source: HSBC estimates

Earnings momentum screen

In Figures 10-13, we screen stocks' earnings momentum from the following perspectives:

- Positive earnings momentum: stocks with visible earnings growth acceleration in 2026 or 2027e, as shown in Figure 10.
- Lack of earnings momentum: stocks with limited visibility or catalysts for earnings acceleration, as shown in Figure 11.
- Base effect: quarterly earnings growth base in 2025 and the potential impact on 2026e growth trends, as shown in Figure 12.
- HSBC quarterly earnings forecasts: our quarterly earnings forecasts for 2026, as shown in Figure 13.

Positive earnings momentum: Mengniu and Haidilao are expected to show visible earnings growth acceleration in 2026e vs. 2025, as discussed in Figure 10.

We expect H World, Nongfu Spring, Mao Geping to deliver above-industry and relatively strong earnings growth within our coverage universe.

For Li Ning and Guming, earnings momentum is expected to improve meaningfully in 2027, per discussion in Figure 10.

Figure 10. Stocks with acceleration in earnings growth

Positive earnings growth momentum, 2026e				
China Mengniu Dairy (RMBm)	**1H25**	**2H25**	**2025**	**2026e**
Revenue	41,567	40,678	82,245	86,678
YoY%	-6.9%	-7.6%	-7.3%	5.4%
Net profit	2,046	(500)	1,545	4,998
YoY%	-16.4%	-78.6%	1378.7%	223.4%
Haidilao (RMBm)	**1H25**	**2H25**	**2025**	**2026e**
Revenue	20,703	22,522	43,225	46,819
YoY%	-3.7%	5.9%	1.1%	8.3%
Net profit	1,759	2,291	4,050	4,449
YoY%	-13.7%	-14.2%	-14.0%	9.9%
H World Group (RMBm)	**1H25**	**2H25**	**2025**	**2026e**
Revenue	11,821	13,486	25,307	27,207
YoY%	3.5%	8.2%	5.9%	7.5%
Adjusted EBITDA	3,766	4,707	8,473	9,750
YoY%	8.8%	40.1%	24.2%	15.1%
Adjusted net profit	2,124	2,817	4,941	5,956
YoY%	4.9%	66.4%	32.9%	20.6%
Nongfu Spring (RMBm)	**1H25**	**2H25**	**2025**	**2026e**
Revenue	25,622	26,931	52,553	61,501
YoY%	15.6%	30.0%	22.5%	17.0%
Net profit	7,622	8,135	15,757	18,042
YoY%	22.2%	41.1%	31.2%	14.5%
Mao Geping (RMBm)	**1H25**	**2H25**	**2025**	**2026e**
Revenue	2,588	2,462	5,050	6,589
YoY%	31.3%	28.7%	30.0%	30.5%
Net profit	670	534	1,204	1,504
YoY%	36.1%	37.6%	36.7%	24.9%
Positive earnings growth momentum, 2027e				
Li Ning (RMBm)	**2025**	**2026e**	**2027e**	
Revenue	29,598	31,182	33,420	
YoY%	3.2%	5.4%	7.2%	
Net profit	2,936	2,816	3,396	
YoY%	-2.6%	-4.1%	20.6%	
Guming (RMBm)	**2025**	**2026e**	**2027e**	
Revenue	12,914	16,214	19,903	
YoY%	46.9%	25.6%	22.8%	
Adjusted net profit	3,109	3,048	3,819	
YoY%	110.3%	-2.0%	25.3%	

Source: Company data, HSBC estimates

Lack of earnings momentum: For the stocks shown in Figure 11, we either do not see clear earnings acceleration in 2026e vs. 2025, or visibility on a recovery into 2027e remains limited.

Figure 11. Stocks lacking earnings momentum

Lack of earnings growth momentum					
Shenzhou	**1H25**	**2H25**	**2025**	**2026e**	**2027e**
Revenue	14,966	16,027	30,994	32,793	34,756
YoY%	15.3%	2.2%	8.1%	5.8%	6.0%
Net profit	3,177	2,648	5,825	6,309	6,935
YoY%	8.4%	-20.0%	-6.7%	8.3%	9.9%
Bosideng	**1H25**	**2H25**	**2025**	**2026e**	**2027e**
Revenue	8,804	17,098	25,902	26,963	29,009
YoY%	17.8%	8.6%	11.6%	4.1%	7.6%
Net profit	1,130	2,384	3,514	3,723	4,040
YoY%	23.0%	10.6%	14.3%	6.0%	8.5%
CR Beverage	**1H25**	**2H25**	**2025**	**2026e**	**2027e**
Revenue	6,206	4,797	11,002	10,987	11,305
YoY%	-18.5%	-18.8%	-18.6%	-0.1%	2.9%
Net profit	805	180	985	862	969
YoY%	-28.6%	-84.0%	-39.8%	-12.6%	12.5%
Giant Biogene	**1H25**	**2H25**	**2025**	**2026e**	**2027e**
Revenue	3,113	2,406	5,519	6,057	6,976
YoY%	22.5%	-19.8%	-0.4%	9.8%	15.2%
Net profit	1,182	733	1,915	1,929	2,110
YoY%	20.2%	-32.3%	-7.2%	0.7%	9.4%

Source: Company data, HSBC estimates

The base effect: Haidilao could benefit from a low base effect in 2Q26.

For freshly made beverage chains, the high-base effect may only fully roll off in 4Q26e.

For sportswear names, the sequential easing in quarterly comparable may reflect normalisation in consumer spending patterns, rather than signalling a recovery in quarterly growth trend in 2026.

Figure 12. The base effect

Chow Tai Fook (Mar-end)	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**		
- SSSG Mainland China	-3.3%	7.6%	21.4%	0.2%		
- SSSG HK & Macau	2.2%	6.2%	14.3%	40.1%		
Yum China (Dec-end)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	
- SSSG KFC	0%	1%	2%	3%	1%	
- SSSG Pizza Hut	0%	2%	1%	1%	-1%	
Haidilao International (Dec-end)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**Apr.26**
- Overall table turn of Haidilao brand	4.1	3.5	3.7	4.0	4.1	3.5
YoY%	-4%	-8%	0%	2%	2%	5.0%
Li Ning (Dec-end)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	
- RSV YoY% core Li Ning brand	2.8%	1.3%	-3.9%	-2.0%	5.7%	
Anta (Dec-end)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	
- RSV YoY% Anta brand	8.0%	2.5%	2.7%	-0.8%	8.6%	
- RSV YoY% Fila brand	8.5%	6.5%	3.5%	4.5%	10.4%	
- RSV YoY% Other brands	69.0%	53.0%	47.5%	37.5%	42.5%	
Descent	60.0%	40-45%	30.0%	25-30%	30-35%	
Kolon	90-95%	70-75%	70.0%	50-55%	50-55%	
Xtep Int'l (Dec-end)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	
- RSV YoY% core Xtep brand	5.0%	3.0%	3.0%	0.0%	3.0%	
- RSV YoY% Saucony brand	40%+	20%+	20%+	30%+	20%+	
Guming (Dec-end)	**1Q26e**	**2Q26e**	**3Q26e**	**4Q26e**		
- Daily cups per store	489	439	478	449		
YoY%	17.0%	-4.6%	-4.6%	1.0%		
Mixue (Dec-end)	**1H25**	**2H25**	**2025**	**2026e**		
- Daily cups per store of Mixue brand in mainland China	700	825	763	700		
YoY%			19.4%	-8.2%		

Source: Company data, HSBC estimates

HSBC quarterly earnings forecasts: Our quarterly forecasts for 2026 suggest CTG, Laopu Gold and Pop Mart could face elevated base effects in 2H26. Miniso could see profit growth momentum improve despite a moderating top-line throughout 2026e. H World and Yum China are likely to deliver relatively steady profit growth throughout 2026e. For Haier Smart Home and Yue Yuen, sequential improvement is expected, although earnings visibility remains relatively low.

Figure 13. HSBC quarterly earnings forecasts

High-base effect in 2H26								
CTG Duty Free (RMBm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**	**3Q26e**	**4Q26e**
Revenue	16,746	11,405	11,711	13,831	16,906	10,365	12,047	14,224
YoY%	-11.0%	-8.5%	-0.4%	2.8%	1.0%	-9.1%	2.9%	2.8%
- Hainan revenue	9,812	5,219	4,322	9,184	12,585	6,544	6,021	8,180
YoY%	NA	NA	NA	NA	28.3%	25.4%	39.3%	-10.9%
Net profit margin %	11.6%	5.8%	3.9%	3.9%	13.9%	6.8%	7.8%	5.5%
Laopu Gold (RMBm)	**1Q25**	**2Q25**	**2H25**	**2025**	**1Q26**	**2Q26e**	**2H26e**	**2026e**
Revenue	6,795	5,559	14,949	27,303	17,000	6,482	17,899	41,351
YoY%	NA	NA	199.9%	221.0%	150.2%	16.6%	19.7%	51.5%
Net profit	NA	NA	2,600	4,868	3,700	1,404	3,671	8,775
YoY%	NA	NA	193.7%	230.5%	NA	NA	41.2%	80.3%
Pop Mart (RMBm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**	**3Q26e**	**4Q26e**
Group revenue	5,243	8,634	13,160	10,084	9,306	9,454	11,189	10,765
YoY%	167.5%	232.3%	235.1%	121.5%	77.5%	9.5%	-15.0%	6.8%
- PRC	3,129	5,153	8,261	4,308	6,337	6,337	7,605	6,464
YoY%	97.5%	166.1%	188.7%	72.1%	102.5%	23.0%	-7.9%	50.0%
QoQ%	25.0%	64.7%	60.3%	-47.8%	47.1%	0.0%	20.0%	-15.0%
- Overseas	2,113	3,480	4,899	5,776	2,968	3,117	3,584	4,301
YoY%	463.0%	426.3%	360.0%	181.8%	40.5%	-10.4%	-26.8%	-25.5%
Improving profit growth trend								
Miniso (RMBm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26e**	**2Q26e**	**3Q26e**	**4Q26e**
Revenue	4,427	4,966	5,797	6,254	5,688	5,909	6,758	7,392
YoY%	18.9%	23.1%	28.2%	32.7%	28.5%	19.0%	16.6%	18.2%
Adjusted OP	735	852	1,022	1,062	756	847	1,114	1,369
YoY%	-5.1%	8.5%	14.8%	11.7%	2.8%	-0.5%	9.0%	28.9%
Steady growth								
H World Group (RMBm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**	**3Q26e**	**4Q26e**
Revenue	5,395	6,426	6,961	6,525	5,996	6,934	7,429	7,035
YoY%	2.2%	4.5%	8.1%	8.3%	11.1%	7.9%	6.7%	7.8%
Adjusted EBITDA	1,496	2,270	2,513	2,194	1,858	2,517	3,005	2,556
YoY%	5.3%	11.3%	18.9%	76.1%	24.2%	10.9%	19.6%	16.5%
Yum China (USDm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**	**3Q26e**	**4Q26e**
Revenue	2,981	2,787	3,206	2,823	3,271	3,078	3,513	3,092
YoY%	0.8%	4.0%	4.4%	8.8%	9.7%	10.4%	9.6%	9.5%
Constant currency YoY%	2.0%	4.0%	4.0%	7.0%	4.0%	5.6%	5.7%	6.3%
Adjusted OP	399	304	400	187	447	345	452	212
YoY%	6.7%	14.3%	7.8%	23.8%	12.0%	13.4%	12.9%	13.1%
Net profit	292	215	282	140	309	248	320	144
YoY%	1.7%	1.4%	-5.1%	21.7%	5.8%	15.3%	13.3%	3.1%
Expect sequential improvement with low visibility								
Haier Smart Home (RMBm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**	**3Q26e**	**4Q26e**
Revenue	79,118	77,376	77,560	68,293	73,687	75,000	75,500	75,500
YoY%	10.1%	10.4%	9.5%	-6.7%	-6.9%	-3.1%	-2.7%	10.6%
Net profit	5,487	6,546	5,340	2,180	4,652	4,932	5,293	4,395
YoY%	15.1%	16.0%	12.7%	-39.2%	-15.2%	-24.7%	-0.9%	101.6%
QoQ%	3.1%	64.7%	40.8%	17.9%	-48.6%	5.0%	15.0%	20.0%
Yue Yuen Industrial (USDm)	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**	**3Q26e**	**4Q26e**
Revenue	2,029	2,031	1,957	2,014	1,985	1,940	1,993	2,080
YoY%	1.3%	0.9%	-5.0%	-4.4%	-2.2%	-4.5%	1.8%	3.3%
Adjusted net profit	76	87	99	105	38	72	87	97
YoY%	-23.4%	9.2%	-21.4%	42.5%	-50.5%	-17.0%	-12.6%	-7.2%

Source: Company data, HSBC estimates

Too early for a sector re-rating

The consumption outlook remains stable but weak in tone, with policy support largely defensive and insufficient to drive a broad-based re-acceleration. While the overall backdrop is likely to remain soft, we see two potential positive catalysts and one persistent risk.

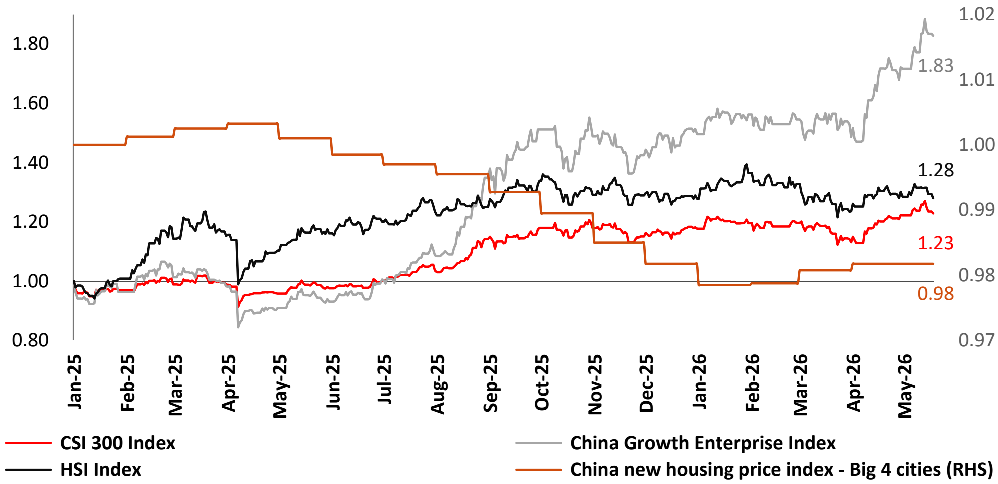
Two potential positive catalysts

- **Wealth effect:** A sustained recovery in equity and property markets could lift household balance sheets and confidence, raising the propensity to spend, particularly in discretionary categories and higher-income cohorts, with potential spillover to middle-class demand.
- **Stabilisation in input costs**: Ongoing geopolitical uncertainty has driven volatility in energy and raw material prices, reducing earnings visibility for consumer companies. Any easing in uncertainty would stabilise input costs, improve margin visibility and pass-through, and support a sector re-rating for mid-stream (OEMs) and consumer staple companies.

1. Wealth effect

Stabilisation in property prices in major cities (from March 2025), alongside stronger equity market performance – particularly the 80%+ appreciation in the China Growth Enterprise Index – should support consumer confidence, especially in higher-tier cities where household wealth exposure to property and financial assets is greater.

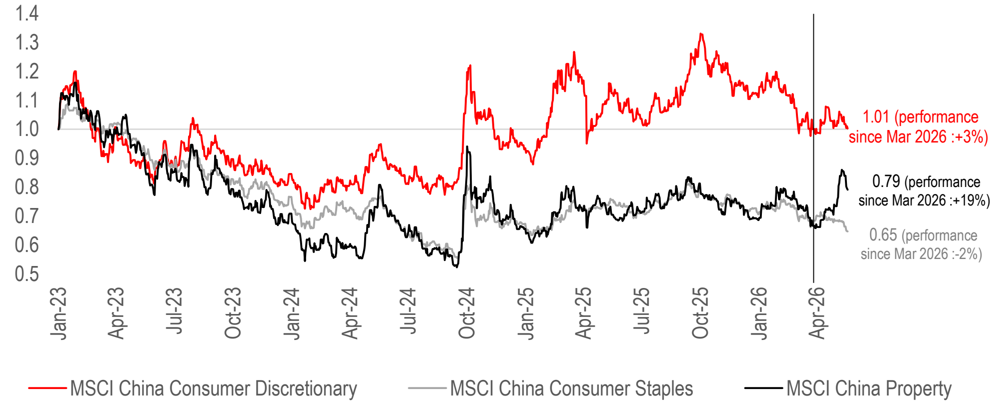
Figure 14. Stock market performance vs. residential property transaction prices in T1 cities (index to Jan 2025)



Note: China new housing price index – Big 4 cities is the simple average of new housing price indexes of Beijing, Shanghai, Guangzhou and Shenzhen
Source: Wind

Since January 2023, China property stocks have shown a strong correlation with China consumer stocks, as illustrated in Figure 15. However, that correlation began to decouple in March 2026, with the MSCI China Property index returning 19% since then, outperforming the MSCI China Consumer Discretionary and Consumer Staple indexes, which rose 3% and declined 2%, respectively. If improving sentiment towards the property sector broadens to consumer stocks, market positioning could increasingly shift towards China consumer names as a laggard catch-up trade.

Figure 15. Performance of MSCI China property index vs. MSCI China Consumer Discretionary & Staple indexes (indexed to Jan 2023)

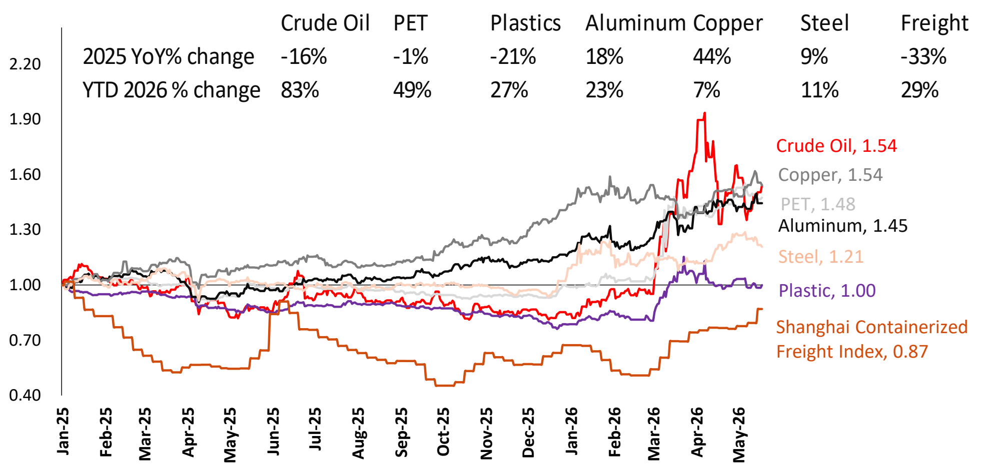


Source: Bloomberg (Indexed to Jan 2023 as 1)

2. Stabilising raw material costs

Driven by the sharp rebound in crude oil prices, oil-related raw material and commodity costs have risen meaningfully. However, mid-stream manufacturers and consumer companies may face challenges in fully passing through higher costs before geopolitical uncertainties ease, creating near-term earnings pressure and margin uncertainty.

Figure 16. Raw material and shipping prices



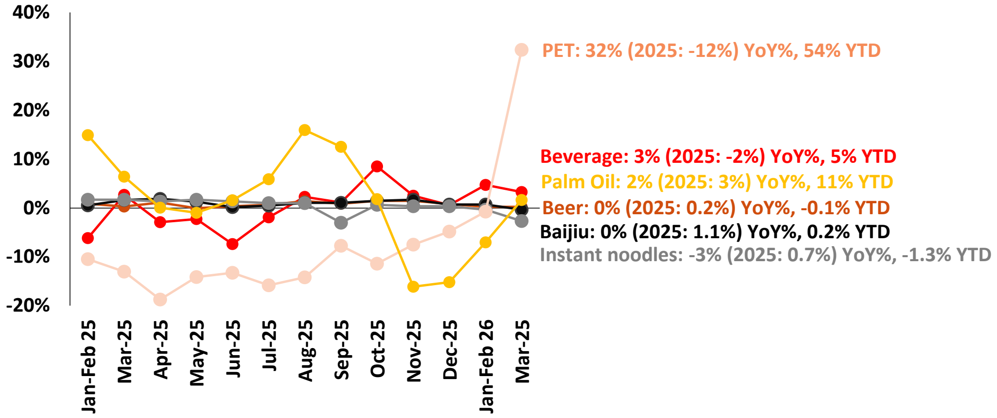
Source: Wind, Bloomberg

One persistent risk: stagflation

Weak demand and intensifying market competition could continue to exert deflationary pressure on CPI, even as manufacturing costs, as reflected by PPI, trend higher. Consumer companies may face either margin pressure from rising input costs that cannot be fully passed through, or volume pressure due to demand elasticity (PED) following price hikes.

For staple consumer companies, higher costs would typically translate into higher retail prices and topline growth given relatively lower price elasticity of demand (PED). However, excessive industry competition (i.e., from overcapacity) could still hinder effective cost pass-through to consumers.

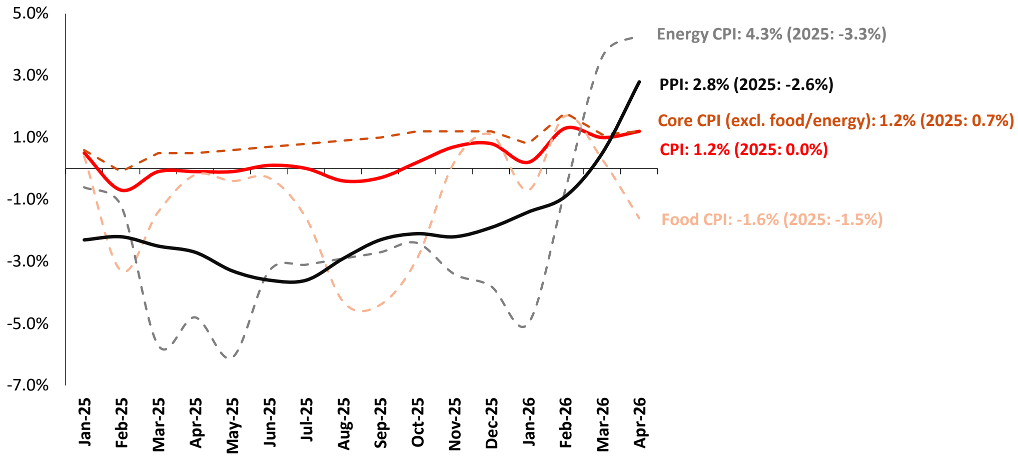
Figure 17. Staple product retail price vs. PET & palm oil price changes



Note: Beverage retail price is derived from Beverage retail sales value and output volume from NBS data; Beer, Baijiu and Instant noodles are NDRC survey prices
Source: Wind

PPI moving above CPI could signal rising margin pressure for consumer companies, as input cost inflation outpaces retail price growth. Discretionary consumer companies may face greater risks, with higher spending on necessities and stagnant disposable income growth further squeezing discretionary demand.

Figure 18. China CPI vs. PPI trend



Source: NBS

Sector views

- K-shaped consumption growth persists; competition intensifies online, particularly in beauty and big appliances
- Valuation largely reflects soft demand; limited downside from de-rating
- Selective consolidation opportunities in fresh beverage chains, liquid milk, hotel chains and beverage industry

Top-down consumption trend

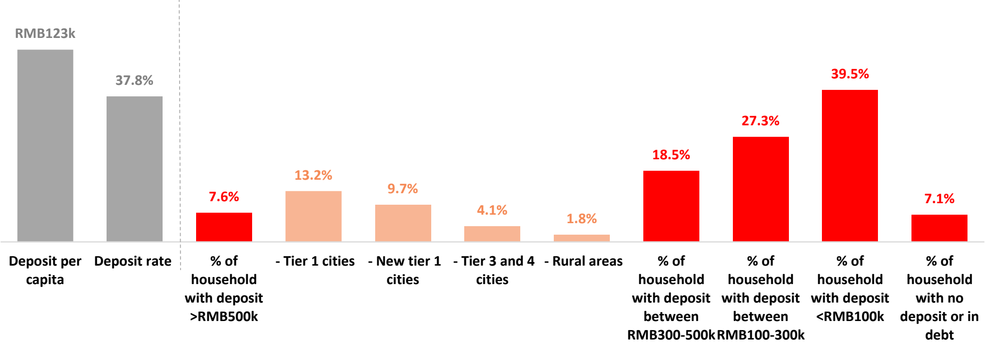
K-shaped consumption pattern

China's consumption remains structurally uneven, underpinned by high savings and skewed wealth distribution. The household savings ratio remains elevated at 37.8% in 1Q26 (2025: 32.1%), with deposits per capita averaging RMB123k (source: PBOC). Wealth concentration is pronounced: households with deposits above RMB500k account for only 7.6% of total households, and are largely concentrated in tier-1 cities. In contrast, 85% of households hold deposits below RMB500k, while 7% have no savings or are in a net debt position.

Constrained balance sheets for the majority limit a broad-based consumption recovery, reinforcing a K-shaped demand structure. We expect this pattern to persist:

- **High-end spending resilient**: supported by the wealth effect from equity markets and potential stabilisation in property, sustaining discretionary spending at the upper end.
- **Middle-class under pressure, but stabilising**: limited asset income and macro uncertainty continue to weigh on disposable income and spending propensity; policy support has helped stabilise (not re-accelerate) mid-tier consumption.
- **Deflationary competition persists**: value-for-money trading down, coupled with heightened competition, is driving price deflation and margin pressure in mass-market segments.

Figure 20. China household deposits and distribution

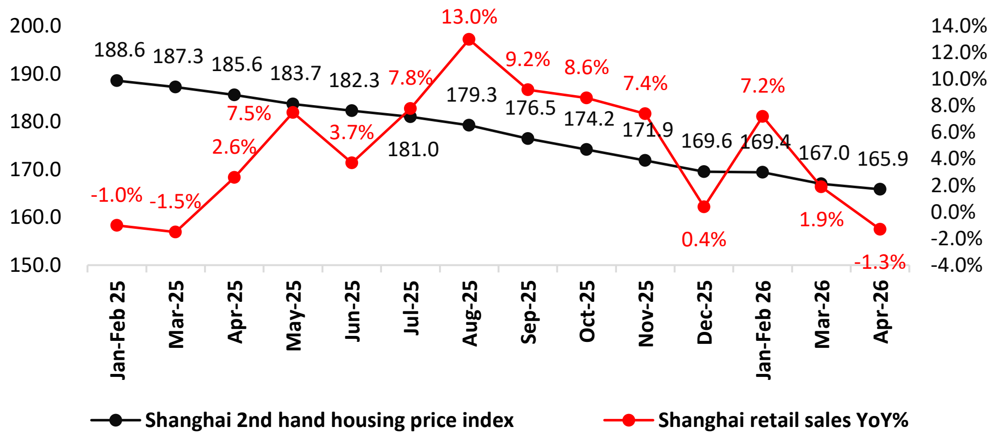


Note: Deposit rate = (Household disposable income – Household final consumption expenditure) / Household disposable income
Source: PBOC, NBS

In Figure 21, we use Shanghai as an illustrative case. As secondary property transaction prices began to stabilise in 2H25, local retail sales growth also began to recover, pointing to a gradual transmission of the wealth effect into consumption. However, when housing prices weakened again towards end-2025, retail sales growth also lost momentum.

The wealth effect is likely more pronounced in higher-tier cities, where households have greater exposure to property and financial assets that could benefit from asset price appreciation, thereby supporting premium and discretionary consumption. That said, without a structural recovery in the housing market, the sustainability of the wealth effect remains uncertain.

Figure 21. Shanghai housing prices and retail sales growth



Source: Wind

From 3Q25, the sales of luxury companies stabilised, either turning positive or showing stronger growth, likely due to a low base and driven by new products.

Figure 22. Luxury companies' quarterly performance

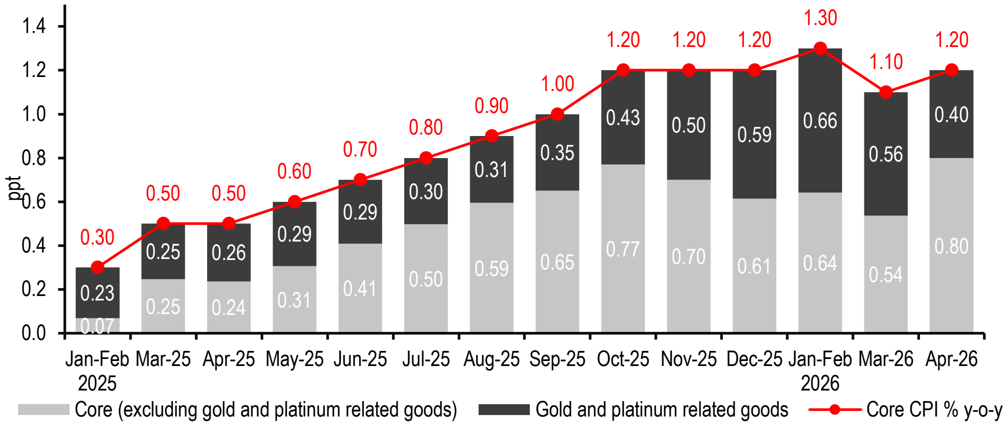
Calendar year	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
LVMH organic revenue growth (Asia excl. Japan)	**-6%**	**-14%**	**-16%**	**-10%**	**-11%**	**-6%**	**2%**	**1%**	**7%**
Kering comparable revenue growth (Asia Pacific excl. Japan)	**-19%**	**-25%**	**-30%**	**-24%**	**-25%**	**-19%**	**-11%**	**-6%**	**0%**
- Gucci	-28%	-33%	-38%	-33%	-32%	-27%	-19%	-15%	-8%
- YSL	-12%	-26%	-27%	-19%	-18%	-13%	-5%	-5%	NA
- Bottega Veneta	-4%	-10%	-13%	-3%	-7%	-8%	-1%	0%	NA
- Other houses	-1%	-9%	-18%	-13%	-15%	-10%	0%	9%	NA
Burberry comparable store sales growth (Greater China)	**-19%**	**-21%**	**-27%**	**-7%**	**-8%**	**-5%**	**3%**	**6%**	**10%**

Source: Company data

On the other hand, overall consumption could remain weak and deflationary. CPI reflation is typically supportive for consumption, while persistent deflation reflects stagnant disposable income growth among middle-income households. Combined with ongoing industry overcapacity, this could reinforce trade-down trends and further pressure mid-market consumption demand.

The brief uptick in China's core CPI raised expectations for reflation, with core CPI reaching 1.0% y-o-y in September 2025 (vs. 0.9% in August and 0.5% in 8M25), driving a short-lived outperformance in consumer stocks. However, the improvement was largely driven by gold and precious metal prices rather than a broad-based recovery in underlying demand. More recently, reflation momentum has softened, with core CPI easing to 1.2% in April 2026 from 1.3% in Jan-Feb, alongside renewed deflationary pressure across key consumption categories.

Figure 23. CPI contribution breakdown



Source: NBS, Bloomberg

Government consumption stimulus measures have helped cushion further downside risks in mid-market consumption but are unlikely to drive a meaningful re-acceleration in demand given fiscal constraints and policy prioritisation. Current measures appear more focused on stabilising employment and essential consumption rather than stimulating broad-based discretionary spending recovery.

Figure 24. Government consumption stimulus

Policy direction	Core measures	Timeline	Key coverage/beneficiaries
Direct subsidies	RMB250bn in ultra-long special treasury bonds to support trade-in programs	Ongoing since 2024, continuing through 2026	Automobiles, home appliances, mobile phones, smart wearables, etc.
Financial support	Fiscal interest subsidies for personal consumer loans	Extended until the end of 2026	Service consumption in tourism, sports, healthcare, dining, etc
Social safety net	Consumption subsidy of up to RMB800 per month for the disabled elderly	Fully rolled out starting Jan 2026	Home-based and institutional elderly care for those with moderate-to-severe disabilities
Housing relief	Personal income tax refunds for home replacement	Early 2026 to the end of 2027	Homebuyers who purchase a new home within 1 year of selling their existing one

Source: Government entities

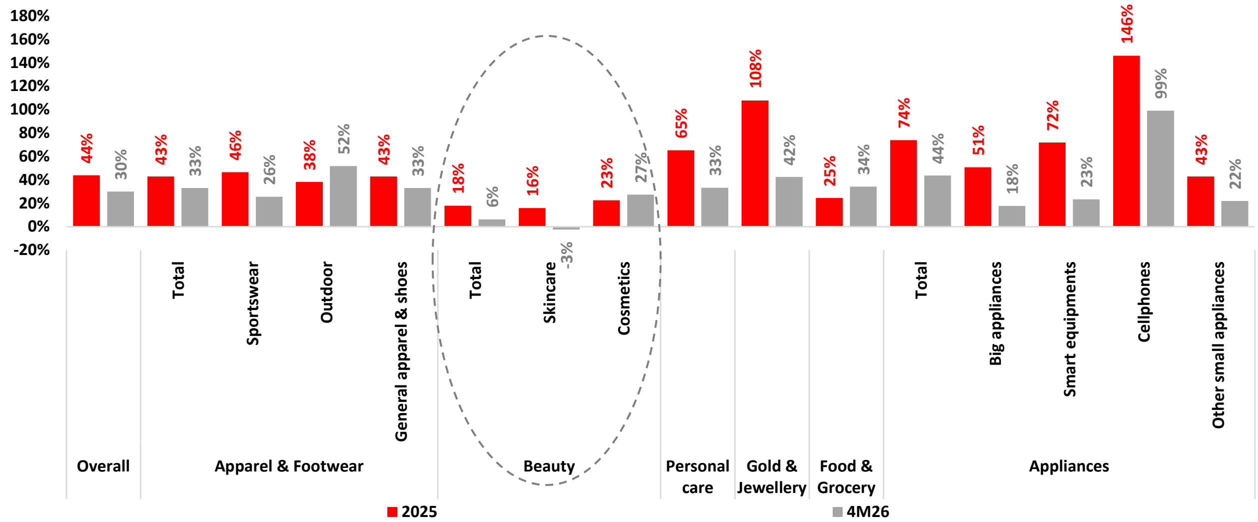
Intensifying competition online

Online channels remain the primary growth engine for China consumer companies, with Douyin emerging as the fastest-growing platform in recent years. However, as Douyin's growth begins to decelerate from a high base, the competitive landscape is shifting.

With traffic growth moderating, competition is increasingly zero-sum, particularly in categories with high online penetration and low barriers to entry (e.g. beauty, apparel). This is driving a transition from traffic-driven expansion to merchant saturation, intensifying pressure on pricing and marketing efficiency from lowering ROI.

Figure 25 shows the GMV growth trends of major consumption categories on Douyin. While growth decelerated broadly across categories, the slowdown was most pronounced in beauty. Beauty category GMV growth slowed to 6% y-o-y in 4M26 from 18% in 2025, while skincare GMV declined 3% y-o-y in 4M26 vs. 16% growth in 2025.

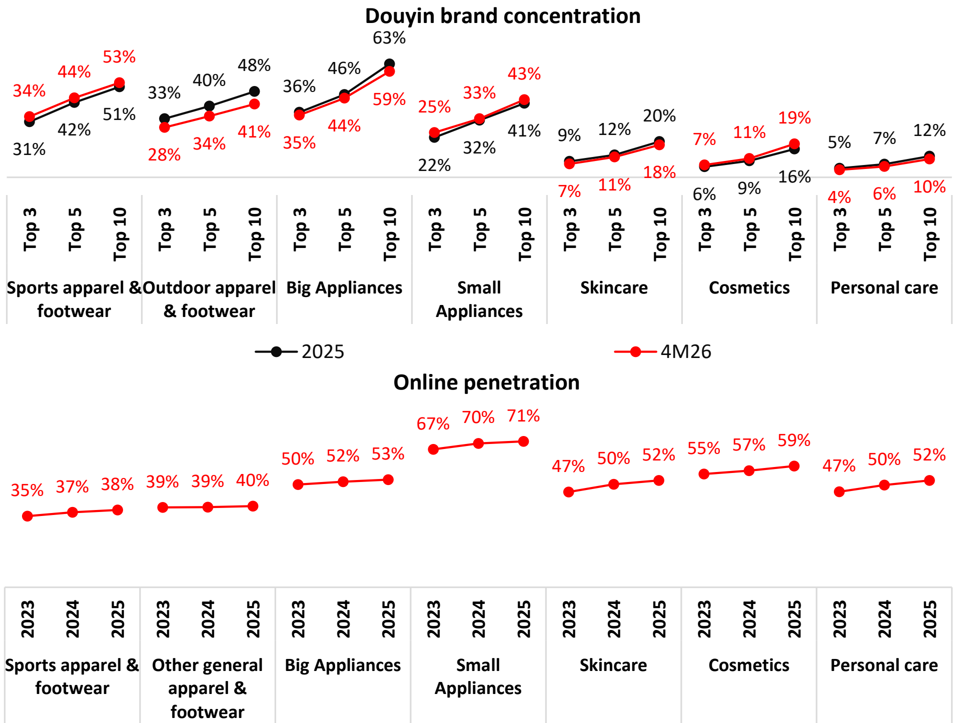
Figure 25. Major categories' GMV growth on Douyin



Source: Moojing

As growth slows, competition is likely to intensify, particularly in categories with already high online penetration and limited room for further consolidation, as illustrated in Figure 26. For example, the beauty category's online penetration exceeded 50% in 2025, while skincare brand concentration on Douyin declined y-o-y in 4M26, signalling intensifying competition amid slowing demand growth. Similar competitive pressure also emerged in the large home appliances category as well in 4M26.

Figure 26. Major categories' brand concentration on Douyin and major categories' online penetration

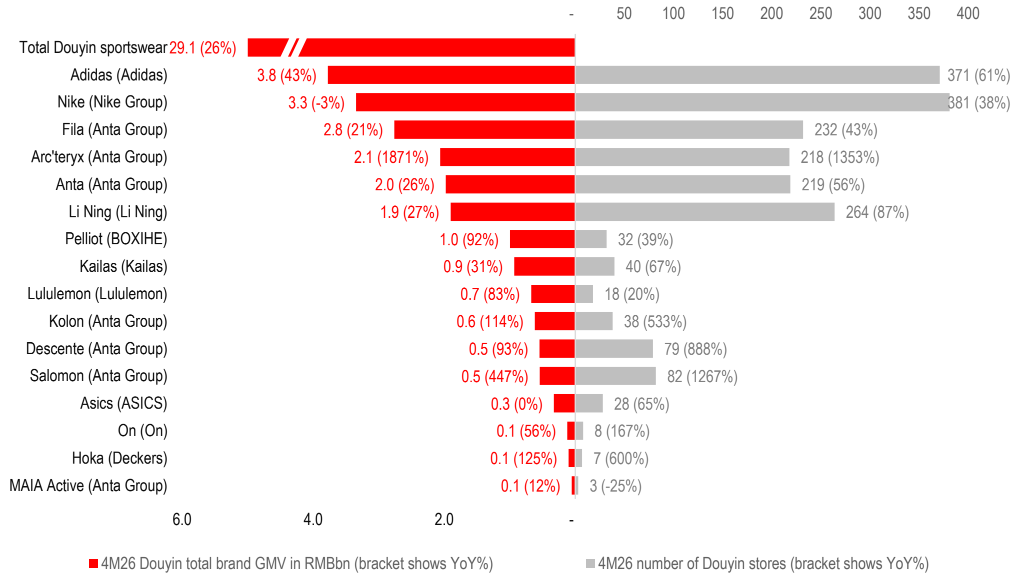


Source: Moojing for Douyin data; Euromonitor for online penetration

Another manifestation of intensifying competition on Douyin is the shift in GMV growth drivers from organic demand growth to merchant/store expansion. Figures 27-29 show that GMV growth in sportswear, big appliances and beauty categories has increasingly been driven by store count expansion rather than same-store productivity growth. While this continues to support platform-level GMV growth, it often comes at the expense of declining ROI for individual brands as traffic acquisition costs rise.

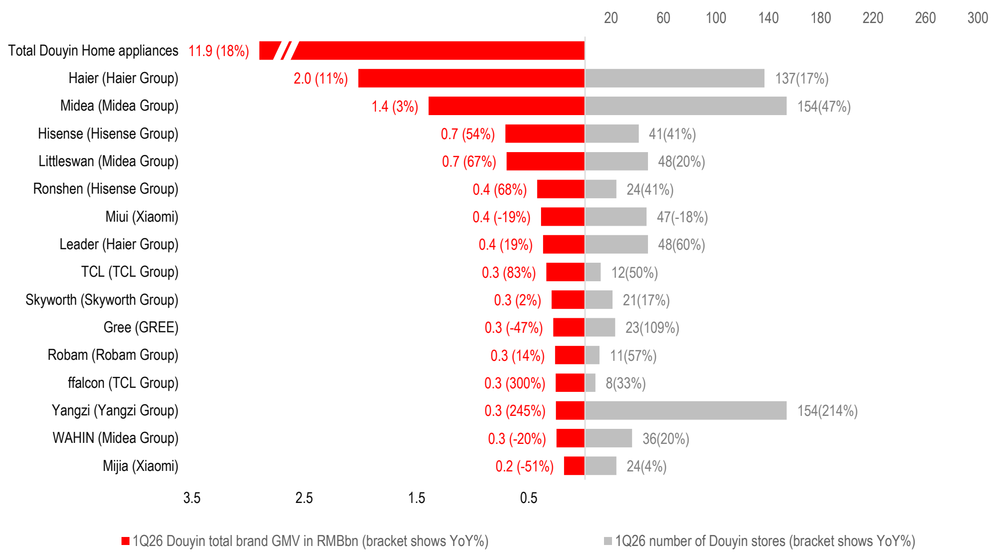
As Douyin's platform economics improve – through higher monetisation and stronger pricing power over traffic – merchant economics continue to deteriorate, reflected in rising customer acquisition costs, lower conversion efficiency, and mounting margin pressure.

Figure 27. Sportswear: Douyin GMV by brand vs store count (4M26)



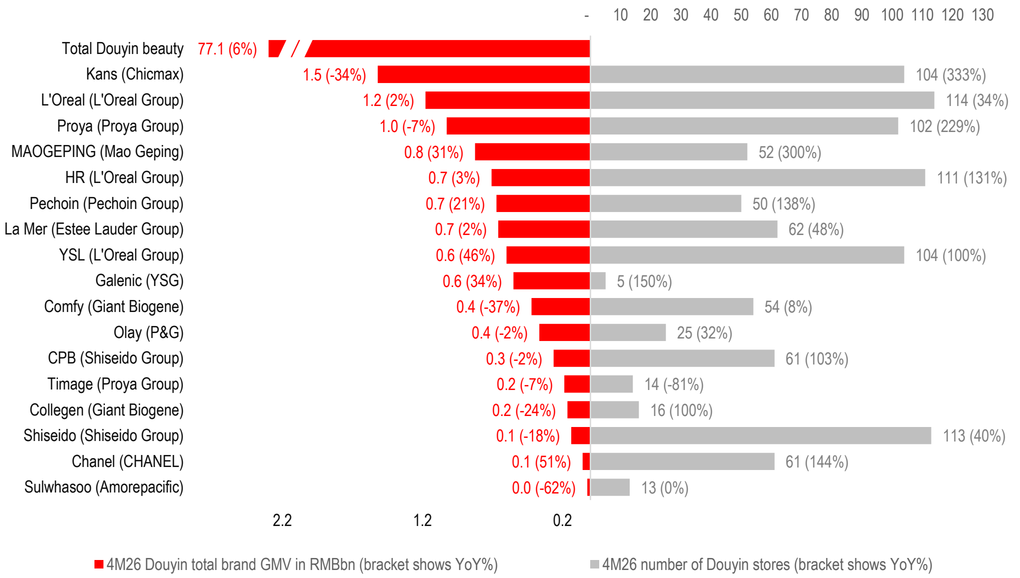
Source: Moojing

Figure 28. Big appliances: Douyin GMV by brand vs store count (4M26)



Source: Moojing

Figure 29. Beauty: Douyin GMV by brand vs store count (4M26)



Source: Moojing

Meanwhile, the e-commerce "traffic tax" is now being fully enforced, structurally raising the cost of online traffic. Regulatory changes since mid-2025 have closed key loopholes by requiring platform-level data disclosure and reclassifying algorithmic traffic buying as advertising. With routine data verification now in place, the standardisation of tax treatment of online traffic spending increases the all-in cost of traffic and accelerating ROI compression for brands, particularly those reliant on paid online traffic.

The winners are brands with pricing power and repeat-driven demand (lower reliance on paid traffic), while the losers are those dependent on traffic arbitrage and aggressive online expansion.

Figure 30. E-commerce traffic tax policies

Timeline	Key policies and actions	Core details and impact
June 2025	Release of the "Regulations on the Submission of Tax-Related Information by Internet Platform Enterprises"	Breaking the data blind spot: requires platforms to report merchants' tax-related information quarterly, laying the groundwork for subsequent data cross-referencing.
July 2025	Issuance of the "Enforcement Guidelines on the Application of the Advertising Law (Part 1)"	Defining advertising boundaries: for the first time, "algorithmic recommendations and precision traffic buying" are explicitly defined as commercial advertisements, plugging the invoice loophole of "technical service fees".
1 Oct 2025	Official Implementation of the New Regulations	Full transparency: E-commerce platforms complete the first submission of merchant operation and traffic data (covering July-Sept), and tax authorities begin to grasp the full volume of real data.
From November 2025	Tax authorities enter the phase of routine data verification	Triggering audit alerts: Initiates self-inspections or audits for merchants with significant discrepancies between platform data and self-declared data.
1 Jan 2026	Announcement of the latest deduction standards by the Ministry of Finance and the State Tax Administration	Policy continuity and clarification: Clarifies the pre-tax deduction standards for advertising and business promotion expenses for 2026-2027, repealing old regulations to ensure consistent policy enforcement.
May 2026	Policy fully enters the phase of routine enforcement	Compliance becomes the bottom line: regulation is now highly mature. Enterprises must strictly control their traffic spending ratios and prepare for the upcoming annual CIT filing.

Source: Government entities, HSBC

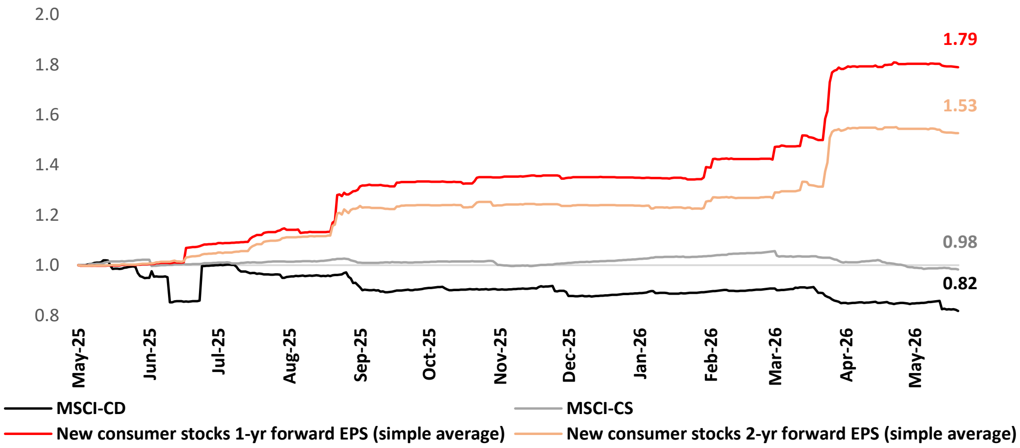
Valuation has largely discounted the status quo

De-rating of "new consumer" stocks

The de-rating of new consumer stocks over the past year has been primarily flow-driven rather than fundamental-led. Despite positive earnings revision momentum, the sector has experienced meaningful multiple compression, in contrast to MSCI Consumer Discretionary and Consumer Staples indexes, where earnings revisions have been weaker.

Over the past 12 months, 1-year forward/2 year-forward earnings for new consumer stocks have continued to trend higher, while consensus 1-year forward earnings for MSCI CD and CS index have declined modestly, highlighting a clear disconnect between fundamentals and valuation.

Figure 31. New consumer earnings revisions vs. MSCI CD/CS (indexed to Jan 2025)



Note: New consumer stocks include Pop Mart (9992 HK), Maogeping (1318 HK), Mixue (2097 HK), Guming (1364 HK), Bloks (0325 HK), Laopu Gold (6181 HK), and East Buy (1797 HK). Source: Bloomberg

The disconnect between fundamentals and valuation has been largely driven by increased share supply, following domestic share to H-share conversion and lock-up expiries, which have expanded free float and weighed on share prices.

Figure 32. Lock-up period expiry

	Lock-up expiry date	Lock-up period	% of Tso
Mixue			
H Share IPO	NA	NA	5.2%
Domestic shares (43%) to listed H shares	2-Mar-26	1 year	34.6%
Pre-IPO investors	2-Mar-26	1 year	2.0%
Cornerstones	2-Sep-25	6 months	9.5%
Guming			
H Share IPO	NA	NA	8.6%
Pre-IPO investors	11-Aug-25	6 months	2.3%
Cornerstones	11-Aug-25	6 months	12.1%
Mao Geping			
H Share IPO	NA	NA	18.4%
Domestic shares (100%) to listed H shares	10-Dec-25	1 year	77.2%
Pre-IPO investors	10-Dec-25	1 year	4.4%
Cornerstones	10-Jun-25	6 months	5.3%
Laopu			
H Share IPO	NA	NA	18.0%
Domestic shares (73%) to listed H shares	27-Jun-25	1 year	59.0%
Pre-IPO investors	27-Jun-25	1 year	12.3%
Cornerstones	27-Dec-24	6 months	6.3%
Bloks			
H Share IPO	NA	NA	11.3%
Pre-IPO investors	9-Jul-25	6 months	28.9%
Cornerstones	9-Jul-25	6 months	2.6%

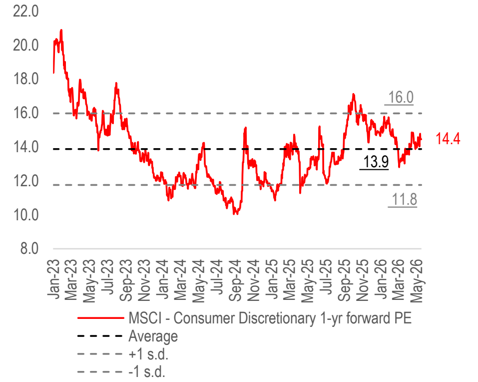
Source: Company data

Consumer stock valuations have stabilised

The de-rating in "new consumer" stocks is not isolated, but rather indicative of broader valuation compression across the consumer sector.

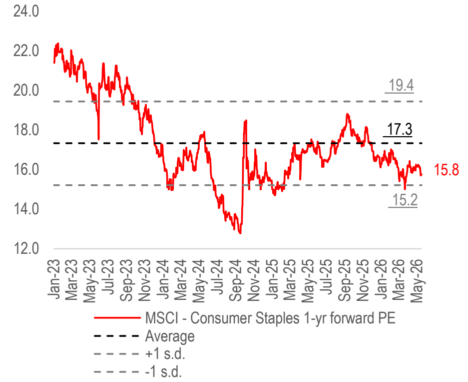
As a result, sector-wide valuations have now largely stabilised along with the stabilising consumption backdrop. The 1-year forward PE of MSCI CD and CS indexes now stands at 14.4x and 15.8x, respectively, broadly in-line with their 2025 averages of 13.9x and 17.3x, suggesting that much of the demand softness has been priced in.

Figure 33. 1-year forward PE of MSCI Consumer Discretionary index



Source: Bloomberg

Figure 34. 1-year forward PE of MSCI Consumer Staples index



Source: Bloomberg

Meanwhile, southbound flows under the Stock Connect programme have contributed to heightened volatility in HK-listed consumer stocks, reinforcing the role of flow-driven factors in near-term price movements.

Figure 35. Stock Connect Southbound shareholdings

Company	Ticker	Stock Connect % in total H shares outstanding					% of in Tso	Share price performance	
		Jul.25	Dec.25	Dec.25 vs. Jul.25	May.26	YTD 26 vs. Dec.25	May.26	Dec.25 vs. Jul.25	YTD 26 vs. Dec.25
CTG Duty Free - H	1880 HK	41.9%	41.7%	-0.2%	33.6%	-8.1%	2.1%	38.6%	-19.5%
Pop Mart	9992 HK	15.1%	17.8%	2.6%	24.4%	6.7%	24.4%	-23.7%	-16.2%
Giant Biogene	2367 HK	18.8%	22.6%	3.8%	23.3%	0.7%	23.3%	-40.8%	-8.9%
Li Ning	2331 HK	25.8%	22.9%	-2.8%	19.7%	-3.2%	19.7%	12.0%	8.4%
Haier Smart Home - H	6690 HK	13.8%	18.7%	5.0%	18.9%	0.1%	6.0%	-1.6%	-9.8%
Xtep Int'l	1368 HK	18.1%	15.9%	-2.1%	17.3%	1.4%	17.3%	-5.3%	-19.5%
China Mengniu Dairy	2319 HK	10.6%	17.5%	6.9%	16.2%	-1.3%	16.2%	-9.3%	16.8%
Laopu Gold	6181 HK	11.5%	13.3%	1.8%	13.8%	0.5%	13.8%	-12.8%	-10.7%
Mao Geping	1318 HK	20.6%	22.8%	2.2%	13.2%	-9.6%	13.2%	-18.4%	-11.9%
Bosideng	3998 HK	9.9%	11.0%	1.1%	11.3%	0.3%	11.3%	-0.4%	-4.5%
Haidilao International	6862 HK	6.2%	8.7%	2.5%	9.5%	0.9%	9.5%	2.0%	1.1%
Miniso - H	9896 HK	11.4%	9.8%	-1.6%	8.5%	-1.3%	3.2%	-2.5%	-22.2%
Shenzhou	2313 HK	2.2%	7.0%	4.8%	8.1%	1.1%	8.1%	7.2%	-23.2%
Anta Sports	2020 HK	7.5%	8.0%	0.4%	7.9%	-0.1%	7.9%	-10.8%	1.1%
CR Beverage	2460 HK	6.5%	7.9%	1.4%	7.8%	-0.2%	7.8%	-11.6%	-13.6%
Topsports International	6110 HK	7.3%	7.9%	0.5%	7.7%	-0.2%	7.7%	-8.2%	3.1%
Yue Yuen Industrial	551 HK	4.8%	7.6%	2.9%	7.4%	-0.2%	7.4%	29.3%	-8.8%
Mixue	2097 HK	12.6%	5.1%	-7.5%	6.3%	1.2%	6.3%	-12.6%	-29.9%
Guming	1364 HK	1.9%	6.1%	4.2%	5.7%	-0.4%	5.7%	7.3%	2.8%
Yum China - H	9987 HK	5.2%	6.1%	1.0%	5.7%	-0.5%	1.4%	0.8%	3.5%
Nongfu Spring	9633 HK	3.3%	3.1%	-0.3%	3.0%	-0.1%	3.0%	3.1%	-0.1%
Chow Tai Fook	1929 HK	0.9%	0.9%	0.1%	0.9%	0.0%	0.9%	-5.9%	-14.1%

Source: Hong Kong Exchange

Selective consolidation opportunities

Figure 36. Selective consolidation opportunities

Industry	Consolidation trend	Key driver of share gains	Likely winners / stock ideas	Key investment angle
Fresh beverage chains	Industry growth is becoming increasingly polarised, with leading chains gaining share with superior unit economics for franchisee stores	Superior unit economics, stronger product refresh cycles, procurement scales	Guming; Mixue	Guming remains well positioned for continued share gains despite fading delivery subsidies, while Mixue retains clear cost leadership in the mass-market segment.
Chain hotels	Hotel consolidation continues to accelerate, particularly in lower-tier cities	Better OCC performance, membership ecosystem scale, and stronger franchisee ROIC	H World	RevPAR outperformance is translating into faster network expansion and sustained consolidation gains.
Liquid milk	Consolidation peaked in 2023 and fragmentation emerged amid the raw milk downturn; a raw milk cycle recovery could re-start consolidation.	Higher raw milk prices squeezing weaker white-label players	Mengniu; Yili	Early signs of narrowing underperformance vs. industry in 1Q26 suggest stabilising fundamentals and potential market-share recovery.
Beverage	Industry volume growth has entered a more mature stage, with growth momentum diverging further across players based on product segmentation, with growth favouring non-sugar RTD products.	Cost leadership, product segmentation should further strengthen leading players' market share, while successful cross-category expansion supports valuation upside	Nongfu	Rising PET costs are likely to increase the market share gains of leaders, offsetting GPM pressure from higher input costs

Source: HSBC

As China's consumer market matures, industry consolidation should remain a key growth driver for market leaders. However, many major consumption categories in China have already passed the peak consolidation stage, leaving only selective consolidation opportunities, as discussed below.

- **Fresh beverage chains:**

We see two ways to succeed in China's freshly-made beverage industry: becoming the cost leader in the low-priced segment, or building strong product differentiation through "fast-fashion model" within the mid-priced segment. In our view, Mixue is the leading player in the former, while Guming is best positioned in the latter. Growth among key players diverged meaningfully in 2025, with Mixue and Guming leading the growth. In 2026, we expect Guming to sustain market share gains despite the industry headwinds from fading delivery subsidies, supported by its "fast-fashion" operating model.

- **Hotel chains:**

Further consolidation in China's hotel industry will be driven by continued penetration of chain hotels, particularly in lower-tier cities where chain ratios remain relatively low. We believe H World Group is well positioned to gain further market share, supported by its broad hotel portfolio, continuous product upgrades, procurement scale advantages, and strong member network effects, which together help improve franchisee returns.

- **Liquid milk**

Consolidation in China's liquid milk industry appears to have largely peaked, with the combined market share of the top two players – China Mengniu Dairy and Yili Group – reaching a historical high of 69.5% in 2023, according to Euromonitor. The raw milk downcycle since 2023 has led to renewed market fragmentation and market share losses for the top two players. As the raw milk cycle is expected to bottom out in 2026, we believe the top two players are positioned to regain share, as higher raw milk prices phase out low-quality white-label players, while their optimised product portfolios allow them to capture growth in higher-value dairy segments.

Beverages

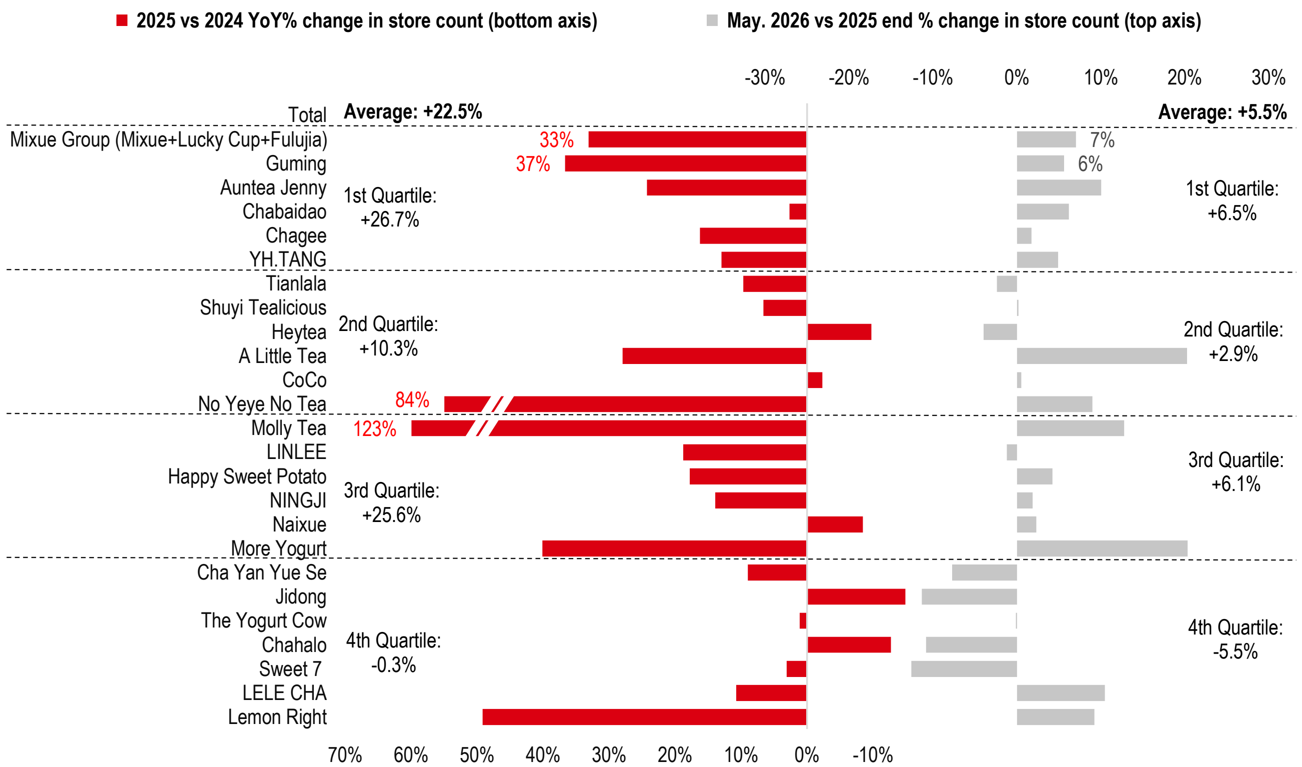
China's beverage industry has entered a more mature stage, with further growth increasingly driven by penetration growth from broadening of consumption scenarios and continued momentum in fast-growing non-sugar beverages. In this backdrop, we think Nongfu remains well positioned to gain further market share through its cost leadership and network scale, while its expansion into sugar tea drinks and new energy drink products could further raise its growth ceiling and support valuation upside.

Fresh beverage chains

While growth remained strong in China's freshly made beverage sector, performance was increasingly polarised. According to Canyan data, franchisee expansion at Mixue and Guming significantly outpaced mid-sized and above peers, as shown in Figure 37.

We believe resilient unit economics (UE) and quality growth will continue driving divergence in franchisee expansion, reinforcing industry consolidation. In 2026, we expect Guming to sustain market share gains despite the industry headwinds from fading delivery subsidies, supported by its expansion into coffee and breakfast categories, as well as strong product refresh cycles enabled by its "fast-fashion" operating model. This should lay the foundation for accelerated earnings growth in 2027 as franchisee subsidies gradually normalise.

Figure 37. Freshly-made tea chain store count and changes



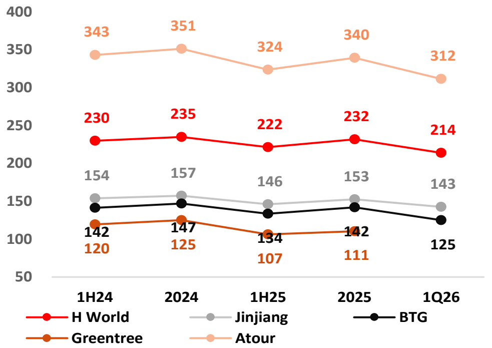
Source: Canyan, company data for listed companies, including Mixue, Guming, Auntea Jenny, Chabaidao, Chagee, and Naixue

Chain hotels

China's hotel industry finally emerged from the RevPAR downcycle in July 2025, despite the absence of a meaningful recovery in business demand, primarily driven by rationalisation in hotel supply growth. As discussed earlier, industry consolidation is increasingly favouring chains that can penetrate lower-tier cities with the right product positioning and leverage scaled membership systems to outperform peers on occupancy (OCC). In this regard, we believe H World Group will continue to lead industry consolidation.

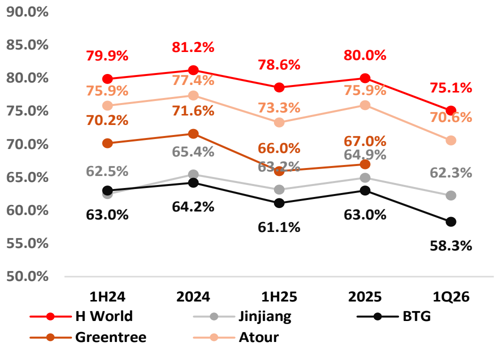
As shown in Figures 38-39, H World's RevPAR outperformance vs. peers was primarily driven by stronger OCC performance, supported by the scale advantages of its membership ecosystem and continuous hotel portfolio upgrades.

Figure 38. China RevPAR peer comp (RMB)



Source: Company data

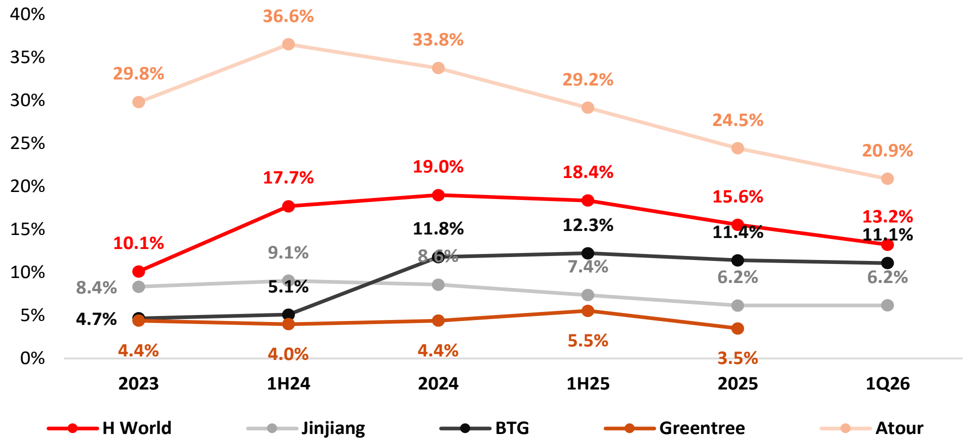
Figure 39. China OCC % peer comp



Source: Company data

The stronger RevPAR performance also translated into superior franchisee ROIC, which in turn drove fast hotel network expansion, as shown in Figure 40.

Figure 40. YoY % growth the number of hotels in China by hotel chains

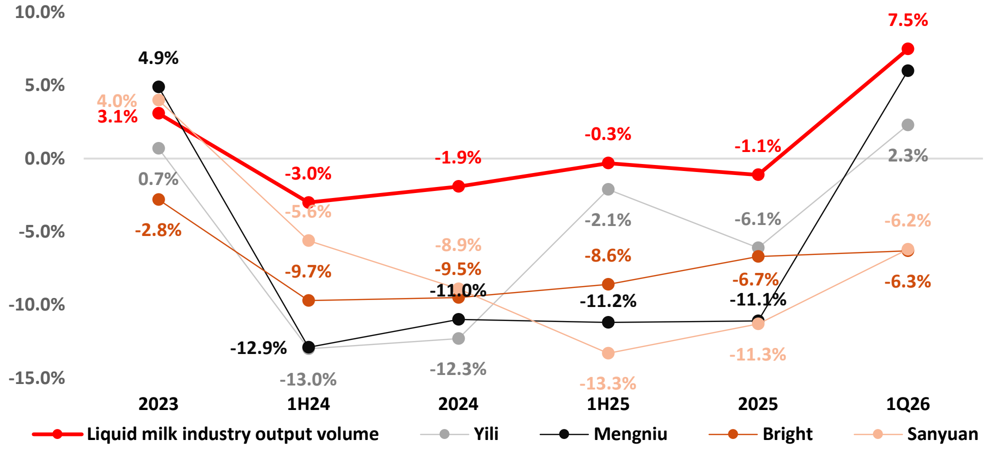


Source: Company data

Liquid milk

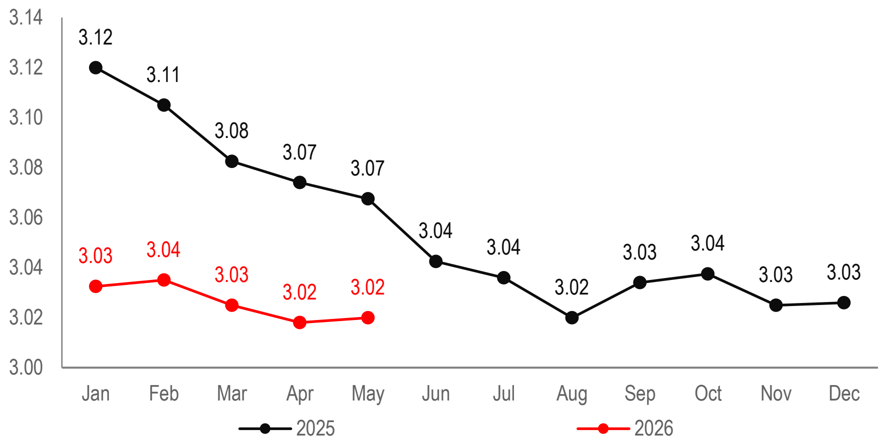
As the raw milk cycle entered a downcycle, the liquid milk businesses of Mengniu and Yili began to underperform the broader liquid milk industry (using dairy output volume as a proxy), reflecting intensified competition during the downturn. With the raw milk cycle expected to bottom out in 2026, we are beginning to see the underperformance vs. the industry narrow from 1Q26, suggesting early signs of stabilisation and potential market share recovery.

Figure 41. Company reported YoY% growth sales in liquid milk segment vs. industry output volume YoY % growth



Source: Company data; NBS

Figure 42. Spot domestic raw milk price (RMB per kg)



Source: Wind

Beverages

Nongfu Spring outperformed listed peers on growth in 2025, and we expect the outperformance to sustain or further widen as the competitive environment increasingly favours leading players with the right product segmentation and momentum from expansion into new product segmentation.

Figure 43. Beverage industry growth vs company growth

	2024	1H25	2H25	2025	1Q26
China beverage retail sales YoY%	**2.1%**	**-0.6%**	**2.6%**	**1.0%**	**6.7%**
China beverage output volume YoY%	6.3%	2.9%	3.1%	3.0%	2.0%
China beverage ASP YoY%	-4.0%	-3.4%	-0.4%	-1.9%	4.6%
Tingyi beverage sales growth	**1.3%**	**-2.6%**	**-3.2%**	**-2.9%**	
- Tea	8.2%	-6.3%	-3.6%	-5.1%	
- Water	-6.7%	-6.0%	-6.1%	-6.1%	
- Juice	-9.4%	-13.0%	-17.4%	-15.1%	
- CSD & Others	0.4%	6.3%	3.1%	4.8%	
Uni-President beverage sales growth	**8.2%**	**7.6%**	**-5.8%**	**1.2%**	
- Tea	13.1%	9.0%	-4.9%	2.6%	
- Milk Tea	1.6%	3.5%	-1.2%	1.2%	
- Juice	5.9%	1.7%	-16.3%	-7.4%	
- Others	34.9%	65.7%	-2.0%	29.2%	
Nongfu Spring sales growth	**0.5%**	**15.6%**	**30.0%**	**22.5%**	
- Water	-21.3%	10.7%	24.9%	17.3%	
- Tea	32.3%	19.7%	38.4%	29.0%	
- Functional beverage	0.6%	13.6%	20.3%	16.8%	
- Juice	15.6%	21.3%	32.5%	26.7%	
- Others	-9.8%	14.8%	7.3%	10.8%	
Dongpeng sales growth	**40.6%**	**36.4%**	**27.3%**	**31.8%**	**21.5%**
- Energy drink	28.7%	22.0%	12.2%	17.3%	13.1%
- Functional beverage	159.8%	213.7%	74.8%	119.0%	13.2%
- Others	196.2%	62.8%	124.9%	90.9%	120.1%

Source: NBS, Company data

Consumption by sector

2025/4M26 growth by major category

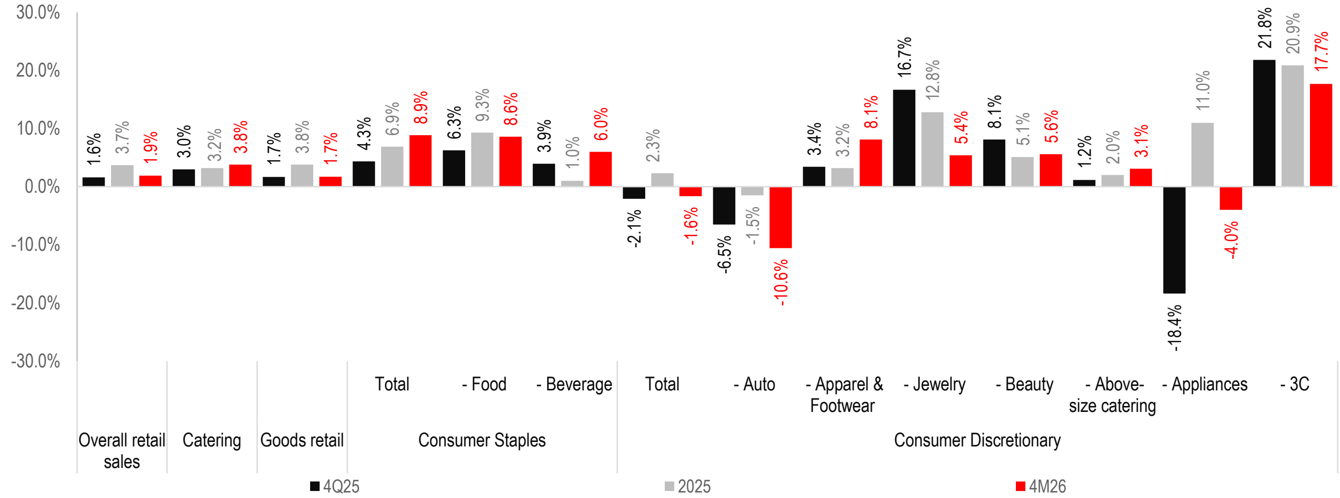
Figure 44. The categories in our retail growth chart

Group	Categories	Sub-categories
Consumer Staples	**Daily use goods**	Daily use goods
	Food, Beverage, Tobacco & Liquor	Food
		Beverage
Consumer Discretionary	**Auto**	Auto
	Apparel	Clothing, Shoes, Hats & Textile
	Jewellery	Gold, Silver and Jewellery
	Beauty	Cosmetics & skincare
	Petro + Catering	Petroleum & Related Product
		Above-size catering
	Large ticket consumer discretionary (CS) items	Furniture
		Construction & Decoration Material
		Household Electric & Video Appliance
		Cultural & Office Goods
	3C	Communication Appliance
	Others	Chinese & Western Medicine
		Book, Newspaper & Magazine
		Sport & Recreational Goods

Source: HSBC

In Figure 45, we present the 2025/4M26 y-o-y growth momentum across major consumer staples and discretionary retail categories. Key sub-sector trends are summarised below:

Figure 45. China retail sales by major categories, y-o-y% growth



Source: NBS

- **Consumer staples led growth recovery**: Growth momentum in consumer staples accelerated sequentially, mainly driven by the beverage segment, where ASP expansion – supported by rapidly rising PET costs – remained the key driver, as discussed earlier.
- **3C demand remained resilient despite softer large-ticket consumption**: While growth in large-ticket categories moderated from 4Q25 amid weakening big appliances sales, 3C product demand remained resilient, likely supported by new product launches.
- **Apparel & footwear growth improved on favourable seasonality**: Growth accelerated in 4M26, supported by favourable weather conditions and an extended CNY holiday, which boosted apparel demand.
- **Catering growth stayed resilient**: Large-scale catering operators continued to outperform overall catering retail sales growth, reflecting ongoing industry consolidation.
- **Jewellery growth softened amid higher gold prices**: Retail sales growth in jewellery & watches decelerated sequentially in 1Q26 despite a surge in gold prices (up 54% y-o-y in 4M26 vs. 55% y-o-y in 4Q25), suggesting demand elasticity pressure at elevated price levels.

Earnings and valuation

- We update our preferred picks for this year based on earnings delivery in 2026 or growth inflection opportunities in 2027
- We also revise our 2026 earnings for Shenzhou/Guming/Xtep/Pop Mart/Yue Yuen/H World/Nongfu Spring/Laopu Gold/Miniso/CTG/Topsports
- We change our TPs from DCF-based to target PE; we downgrade Yue Yuen to Hold from Buy

Our top picks

China Mengniu Dairy

Mengniu's earnings have suffered from a prolonged raw milk down-cycle and weakening demand for traditional liquid milk. We could see a recovery this year with the bottoming out of the raw milk cycle and new growth initiatives, which would potentially support an increase in shareholder returns. Over 2026-28e we expect an adjusted net profit CAGR of 8.2% on a revenue CAGR of 4.1%.

Figure 46. China Mengniu Dairy: Earnings summary

RMBm	2025a	2026e	2027e	2028e	CAGR (2026-28e)
Revenue	**82,245**	**86,678**	**90,598**	**93,894**	**4.1%**
YoY%	-7.3%	5.4%	4.5%	3.6%	
Gross profit	**32,808**	**34,577**	**36,367**	**37,925**	**4.7%**
YoY%	-6.5%	5.4%	5.2%	4.3%	
GPM%	39.9%	39.9%	40.1%	40.4%	
Operating profit	**6,564**	**7,005**	**7,503**	**7,964**	**6.6%**
YoY%	-9.5%	6.7%	7.1%	6.1%	
OPM%	8.0%	8.1%	8.3%	8.5%	
Net profit	**1,545**	**4,998**	**5,458**	**5,852**	**8.2%**
YoY%	1378.7%	223.4%	9.2%	7.2%	
NPM%	1.9%	5.8%	6.0%	6.2%	
Adjusted net profit	**1,550**	**4,998**	**5,458**	**5,852**	**8.2%**
YoY%	-65.0%	222.4%	9.2%	7.2%	
Adjusted NPM%	1.9%	5.8%	6.0%	6.2%	

Source: Company data, HSBC estimates

We lower our target price by 5.2% to HKD23.80 (from HKD25.10) after switching to a PE-based valuation methodology, applying a target PE of 15.1x, equivalent to 1.0x standard deviations above the average one-year forward PE since 2023, to reflect its earnings upcycle driven by recovery in raw milk prices. With 43% implied upside from current levels, we maintain our Buy rating on the stock.

Haidilao International

With founder Mr. Zhang Yong's return as CEO we believe Haidilao could end its two-year earnings decline, driven by stabilisation in the core Haidilao brand and incremental earnings contribution from new ventures, including its top-down multi-brand strategy and delivery businesses targeting more single-person meal dining. Over 2026-28e we expect an adjusted net profit CAGR of 8.1% on a revenue CAGR of 5.6%.

Figure 47. Haidilao International: Earnings summary

RMBm	2025a	2026e	2027e	2028e	CAGR (26-28e)
Revenue	**43,225**	**46,819**	**49,526**	**52,230**	**5.6%**
YoY%	1.1%	8.3%	5.8%	5.5%	
Gross profit	**25,699**	**27,477**	**28,850**	**30,234**	**4.9%**
YoY%	-3.2%	6.9%	5.0%	4.8%	
GPM%	59.5%	58.7%	58.3%	57.9%	
Operating profit	**6,050**	**6,459**	**6,900**	**7,345**	**6.6%**
YoY%	-12.3%	6.8%	6.8%	6.4%	
OPM%	14.0%	13.8%	13.9%	14.1%	
Net profit	**4,050**	**4,449**	**4,765**	**5,082**	**6.9%**
YoY%	-14.0%	9.9%	7.1%	6.7%	
NPM%	9.4%	9.5%	9.6%	9.7%	
Adjusted net profit	**3,720**	**4,152**	**4,533**	**4,851**	**8.1%**
YoY%	-16.3%	11.6%	9.2%	7.0%	
Adjusted NPM%	8.6%	8.9%	9.2%	9.3%	

Source: Company data, HSBC estimates

We raise our target price by 3.4% to HKD18.50 (from HKD17.90) after switching to a PE-based valuation methodology, applying a target PE of 18.5x, equivalent to its average one-year forward PE since 2023. With 50% implied upside from current levels, we maintain our Buy rating on the stock.

H World

RevPAR outperformance vs. a gradually recovering industry, alongside disciplined cost control – particularly on marketing & sales related costs – should continue to support earnings growth above the industry level. Our 2026e OP is 2% above consensus on a 1% above consensus revenue forecast.

Post 1Q26 results, we keep our 2026e OP forecast largely unchanged, with a higher estimate for H World China (HWC) and a lower estimate for H World International (HWI). We lower 2026e reported net profit by 7%, due to higher FX related loss and a higher tax rate. Over 2026-28e, we expect HWC to deliver an 11% CAGR in OP on a 5% CAGR in revenue.

Figure 48. H World: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (2026-28e)	
RMBm		**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**
Revenue	**25,307**	**27,425**	**27,207**	**-0.8%**	**30,037**	**28,528**	**-5.0%**	**32,170**	**29,960**	**-6.9%**	**8.3%**	**4.9%**
YoY%	5.9%	8.4%	7.5%		9.5%	4.9%		7.1%	5.0%			
- HWC	20,535	22,580	22,449	-0.6%	25,051	23,610	-5.8%	27,047	24,944	-7.8%	9.4%	5.4%
YoY%	7.9%	10.0%	9.3%		10.9%	5.2%		8.0%	5.7%			
- HWI	4,794	4,844	4,758	-1.8%	4,986	4,919	-1.3%	5,123	5,016	-2.1%	2.8%	2.7%
YoY%	-1.6%	1.0%	-0.7%		2.9%	3.4%		2.7%	2.0%			
Gross operating profit	**11,100**	**12,593**	**12,812**	**1.7%**	**14,173**	**13,705**	**-3.3%**	**15,575**	**14,755**	**-5.3%**	**11.2%**	**7.3%**
YoY%	NA	13.4%	15.4%		12.5%	7.0%		9.9%	7.7%			
GOP Margin%	43.9%	45.9%	47.1%		47.2%	48.0%		48.4%	49.2%			
- HWC	50.0%	52.1%	53.8%	2.8%	53.4%	55.1%	-2.9%	54.7%	56.5%	-5.0%	12.1%	7.8%
- HWI	24.1%	25.6%	23.9%	-8.3%	25.5%	23.8%	-7.7%	25.5%	23.8%	-8.7%	2.8%	2.6%
Operating profit	**6,819**	**8,359**	**8,182**	**-2.1%**	**9,739**	**9,102**	**-6.5%**	**11,005**	**10,118**	**-8.1%**	**14.7%**	**11.2%**
YoY%	31.1%	22.6%	20.0%		16.5%	11.2%		13.0%	11.2%			
OPM%	26.9%	30.5%	30.1%		32.4%	31.9%		34.2%	33.8%			
- HWC	32.1%	36.1%	36.4%	0.1%	38.0%	38.4%	-4.9%	39.7%	40.2%	-6.6%	14.8%	10.9%
- HWI	4.7%	4.5%	0.4%	-90.2%	4.6%	1.0%	-79.5%	5.2%	1.8%	-66.5%	10.5%	104.8%
Net profit	**5,080**	**5,744**	**5,344**	**-7.0%**	**7,193**	**6,610**	**-8.1%**	**8,152**	**7,364**	**-9.7%**	**19.1%**	**17.4%**
YoY%	66.7%	13.1%	5.2%		25.2%	23.7%		13.3%	11.4%			
NPM%	20.1%	20.9%	19.6%		23.9%	23.2%		25.3%	24.6%			
Adjusted net profit	**4,941**	**6,194**	**5,956**	**-3.8%**	**7,670**	**7,218**	**-5.9%**	**8,667**	**7,997**	**-7.7%**	**18.3%**	**15.9%**
YoY%	32.9%	25.3%	20.6%		23.8%	21.2%		13.0%	10.8%			
Adjusted NPM%	19.5%	22.6%	21.9%		25.5%	25.3%		26.9%	26.7%			

Source: Company data, HSBC estimates

We lower our target price by 2.8% to USD61.60 (from USD63.40) after switching to a PE-based valuation methodology, applying a target PE of 21.8x, equivalent to its average one-year forward PE since 2023. With 38% implied upside from current levels, we maintain our Buy rating on the stock.

Nongfu Spring

Nongfu's growth remains underpinned by strong market share momentum across its packaged water and beverage businesses. While rising PET costs create margin uncertainty, this could also reinforce market share gains, partially offsetting GPM pressure. Our 2026 OP is 4.1% ahead of consensus on a 2.7% above consensus revenue forecast.

Figure 49. Nongfu Spring: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (26-28e)	
RMBm		**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**
Revenue	**52,553**	**60,702**	**61,501**	**1.3%**	**68,252**	**69,225**	**1.4%**	**76,918**	**78,016**	**1.4%**	**12.6%**	**12.6%**
YoY%	22.5%	15.5%	17.0%		12.4%	12.6%		12.7%	12.7%			
Gross profit	**31,808**	**34,903**	**35,363**	**1.3%**	**39,245**	**39,804**	**1.4%**	**44,228**	**44,859**	**1.4%**	**12.6%**	**12.6%**
YoY%	27.7%	9.7%	11.2%		12.4%	12.1%		12.7%	12.7%			
GPM%	60.5%	57.5%	57.5%		57.5%	57.5%		57.5%	57.5%			
Operating profit	**20,405**	**22,293**	**23,224**	**4.2%**	**25,124**	**26,200**	**4.3%**	**28,379**	**29,593**	**4.3%**	**12.8%**	**12.9%**
YoY%	35.9%	9.3%	13.8%		12.7%	12.8%		13.0%	12.9%			
EBIT Margin%	38.8%	36.7%	37.8%		36.8%	37.8%		36.9%	37.9%			
Net profit	**15,757**	**17,194**	**18,042**	**4.9%**	**19,353**	**20,337**	**5.1%**	**21,831**	**22,942**	**5.1%**	**12.7%**	**12.8%**
YoY%	31.2%	9.1%	14.5%		12.6%	12.7%		12.8%	12.8%			
NPM%	30.0%	28.3%	29.3%		28.4%	29.4%		28.4%	29.4%			
Adjusted net profit	**16,212**	**17,450**	**18,298**	**4.9%**	**19,609**	**20,593**	**5.0%**	**22,087**	**23,198**	**5.0%**	**12.5%**	**12.6%**
YoY%	34.3%	7.6%	12.9%		12.4%	12.5%		12.6%	12.6%			
Adjusted NPM%	30.8%	28.7%	29.8%		28.7%	29.7%		28.7%	29.7%			

Source: Company data, HSBC estimates

We lower our target price by 0.9% to HKD56.80 (from HKD57.30) after switching to a PE-based valuation methodology, applying a target PE multiple of 28.4x, equivalent to 0.5x standard deviations below the average one-year forward PE since 2023 to reflect its more mature growth stage with its leading market share in each of its product segments. With 34% implied upside from current levels, we maintain our Buy rating on the stock.

Li Ning

With renewed brand momentum, we expect Li Ning to end its relative underperformance vs. the industry from 2026 and accelerate further going into 2027. However, the earnings recovery could lag due to front-loaded branding investments. During its brand downcycle from 2022-25, Li Ning traded at an average 1-year forward PE of 18.2x. Its current valuation of 14.2x 1-year forward PE (based on our estimate) suggests limited downside if the brand cycle stabilises. As brand momentum and earnings recovery emerge, we see scope for re-rating. Over 2026-28e we expect an adjusted net profit CAGR of 14.1% on a revenue CAGR of 6.4%.

Figure 50. Li Ning: Earnings summary

RMBm	2025a	2026e	2027e	2028e	CAGR (26-28e)
Revenue	**29,598**	**31,182**	**33,420**	**35,303**	**6.4%**
YoY%	3.2%	5.4%	7.2%	5.6%	
Gross profit	**14,489**	**15,178**	**16,418**	**17,340**	**6.9%**
YoY%	2.4%	4.8%	8.2%	5.6%	
GPM%	49.0%	48.7%	49.1%	49.1%	
Operating profit	**3,898**	**3,600**	**4,377**	**4,742**	**14.8%**
YoY%	6.0%	-7.6%	21.6%	8.3%	
OPM%	13.2%	11.5%	13.1%	13.4%	
Net profit	**2,936**	**2,816**	**3,396**	**3,669**	**14.1%**
YoY%	-2.6%	-4.1%	20.6%	8.1%	
NPM%	9.9%	9.0%	10.2%	10.4%	
Adjusted net profit	**2,936**	**2,816**	**3,396**	**3,669**	**14.1%**
YoY%	-2.6%	-4.1%	20.6%	8.1%	
Adjusted NPM%	9.9%	9.0%	10.2%	10.4%	

Source: Company data, HSBC estimates

We raise our target price by 1.6% to HKD24.80 (from HKD24.40), after switching to a target PE based valuation methodology using a target PE multiple of 17.6x, equivalent to 0.5x standard deviations above the average one-year forward PE since 2023, to reflect its positive earnings cycle from 2027. With 39% implied upside from current levels, we maintain our Buy rating on the stock.

Guming

While we believe Guming is well positioned to emerge as a leading player in China's mid-priced freshly made beverage market, 2026 earnings visibility remains pressured by fading platform delivery subsidies. We expect earnings momentum to improve in 2027 as the company laps margin pressure related to subsidy normalisation in 2026.

We lower our 2026e net profit forecast by 7.9% on 2.5% lower revenue estimates, reflecting the earnings impact from subsidies provided by the listed company to support stable franchisee store transaction volume amid subsidy normalisation. We expect its earnings growth to reaccelerate to 25.3% y-o-y in 2027e, supported by 22.8% revenue growth and GPM recovery to 32.0% in 2027e from 31.5% in 2026e.

Figure 51. Guming: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (26-28e)	
RMBm		**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**
Revenue	**12,914**	**16,633**	**16,214**	**-2.5%**	**20,272**	**19,903**	**-1.8%**	**23,838**	**23,563**	**-1.2%**	**19.7%**	**20.6%**
YoY%	46.9%	28.8%	25.6%		21.9%	22.8%		17.6%	18.4%			
Gross profit	**4,262**	**5,523**	**5,114**	**-7.4%**	**6,731**	**6,369**	**-5.4%**	**7,916**	**7,540**	**-4.7%**	**19.7%**	**21.4%**
YoY%	58.6%	29.6%	20.0%		21.9%	24.6%		17.6%	18.4%			
GPM%	33.0%	33.2%	31.5%		33.2%	32.0%		33.2%	32.0%			
Operating profit	**3,276**	**4,116**	**3,799**	**-7.7%**	**4,962**	**4,739**	**-4.5%**	**5,795**	**5,613**	**-3.1%**	**18.7%**	**21.6%**
YoY%	78.7%	25.6%	16.0%		20.6%	24.8%		16.8%	18.4%			
EBIT Margin%	25.4%	24.7%	23.4%		24.5%	23.8%		24.3%	23.8%			
Net profit	**3,109**	**3,308**	**3,048**	**-7.9%**	**4,002**	**3,819**	**-4.6%**	**4,685**	**4,536**	**-3.2%**	**19.0%**	**22.0%**
YoY%	110.3%	6.4%	-2.0%		21.0%	25.3%		17.1%	18.8%			
NPM%	24.1%	19.9%	18.8%		19.7%	19.2%		19.7%	19.2%			
Non-IFRS adjusted net profit	**2,575**	**3,314**	**3,054**	**-7.8%**	**4,008**	**3,825**	**-4.6%**	**4,691**	**4,542**	**-3.2%**	**19.0%**	**22.0%**
YoY%	66.9%	28.7%	18.6%		20.9%	25.3%		17.0%	18.7%			
NPM%	19.9%	19.9%	18.8%		19.8%	19.2%		19.7%	19.3%			

Source: Company data, HSBC estimates

We lower our target price by 26.1% to HKD29.10 (from HKD39.40) after switching to a PE-based valuation methodology, applying a target PE of 18.9x, equivalent to 0.5x standard deviations below the average one-year forward PE since 2023 to reflect its margin risk in 2026e with the fade-out of delivery subsidies. With 28% implied upside from current levels, we maintain our Buy rating on the stock.

Other earnings and TP changes

Shenzhou

Given weak global sportswear demand and continued order uncertainty among key customers, we lower our 2026e net profit forecast by 2.3% on an unchanged revenue estimate, mainly reflecting a lower GPM forecast of 26.6% vs 27.0% previously. The margin revision is driven by uneven capacity utilisation and delayed pass-through of higher chemical fibre costs. We also cut our 2027-28e net profit forecasts by 6.3%/3.7%, primarily due to a slower-than-expected GPM recovery trajectory.

Figure 52. Shenzhou: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (26-28e)	
RMBm		**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**
Revenue	**30,994**	**32,793**	**32,793**	**0.0%**	**35,254**	**34,756**	**-1.4%**	**37,030**	**36,507**	**-1.4%**	**6.3%**	**5.5%**
YoY%	8.1%	5.8%	5.8%		7.5%	6.0%		5.0%	5.0%			
Gross profit	**8,165**	**8,854**	**8,723**	**-1.5%**	**9,871**	**9,384**	**-4.9%**	**10,368**	**9,857**	**-4.9%**	**8.2%**	**6.3%**
YoY%	1.4%	8.4%	6.8%		11.5%	7.6%		5.0%	5.0%			
GPM%	26.3%	27.0%	26.6%		28.0%	27.0%		28.0%	27.0%			
EBIT	**5,820**	**6,389**	**6,216**	**-2.7%**	**7,280**	**6,749**	**-7.3%**	**7,647**	**7,090**	**-7.3%**	**9.4%**	**6.8%**
YoY%	-0.4%	9.8%	6.8%		13.9%	8.6%		5.0%	5.1%			
EBIT Margin%	18.8%	19.5%	19.0%		20.7%	19.4%		20.7%	19.4%			
Net profit	**5,825**	**6,460**	**6,309**	**-2.3%**	**7,400**	**6,935**	**-6.3%**	**7,315**	**7,042**	**-3.7%**	**6.4%**	**5.6%**
YoY%	-6.7%	10.9%	8.3%		14.5%	9.9%		-1.2%	1.5%			
NPM%	18.8%	19.7%	19.2%		21.0%	20.0%		19.8%	19.3%			
Adjusted net profit	**5,825**	**6,460**	**5,333**	**-2.8%**	**7,400**	**5,778**	**-7.4%**	**7,315**	**6,104**	**-7.8%**	**6.4%**	**7.0%**
YoY%	-6.7%	10.9%	6.9%		14.5%	8.3%		-1.2%	5.6%			
Adjusted NPM%	18.8%	19.7%	16.3%		21.0%	16.6%		19.8%	16.7%			

Source: Company data, HSBC estimates

We lower our target price by 25.1% to HKD58.40 (from HKD78.00) after switching to a PE-based valuation methodology, applying a target PE multiple of 11.3x, equivalent to 1.0x standard deviations below the average one-year forward PE since 2023 to reflect the continuous uncertainty on orders from its major sportswear clients. With 26% implied upside from current levels, we maintain our Buy rating on the stock.

Xtep

2026 marks a pivotal year for the direct-to-consumer (DTC) transformation of Xtep's core brand. We lower our 2026e net profit forecast by 8% on largely unchanged revenue estimates, reflecting a lower OPM forecast of 12.8% (previously 14.0%) for its core brand. The margin revision is driven by expenses incurred from store format transformation and new share incentive plan in 2026. We also cut our 2027-28e net profit forecasts by 4.0%/4.7%, primarily due to continuous pressure on margins as the competition in the sportswear sector remains intense and the benefits of investments in stores will take time to materialise.

Figure 53. Xtep: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (26-28e)	
RMBm		Old	New	% diff	Old	New	% diff	Old	New	% diff	Old	New
Revenue	**14,151**	**14,931**	**14,906**	**-0.2%**	**15,907**	**15,945**	**0.2%**	**16,993**	**17,099**	**0.6%**	**6.7%**	**7.1%**
YoY%	4.2%	5.5%	5.3%		6.5%	7.0%		6.8%	7.2%			
Gross profit	**6,063**	**6,454**	**6,316**	**-2.1%**	**6,917**	**6,933**	**0.2%**	**7,437**	**7,481**	**0.6%**	**7.3%**	**8.8%**
YoY%	3.4%	6.5%	4.2%		7.2%	9.8%		7.5%	7.9%			
GPM%	42.8%	43.2%	42.4%		43.5%	43.5%		43.8%	43.8%			
Operating profit	**2,019**	**1,969**	**1,817**	**-7.7%**	**2,202**	**2,115**	**-4.0%**	**2,472**	**2,357**	**-4.7%**	**12.0%**	**13.9%**
YoY%	2.7%	-2.5%	-10.0%		11.9%	16.4%		12.3%	11.4%			
EBIT Margin%	14.3%	13.2%	12.2%		13.8%	13.3%		14.5%	13.8%			
Net profit	**1,372**	**1,347**	**1,241**	**-7.9%**	**1,513**	**1,453**	**-4.0%**	**1,713**	**1,633**	**-4.7%**	**12.8%**	**14.7%**
YoY%	10.8%	-1.8%	-9.5%		12.4%	17.0%		13.2%	12.4%			
NPM%	9.7%	9.0%	8.3%		9.5%	9.1%		10.1%	9.5%			

Source: Company data; HSBC estimates

We lower our target price by 8.0% to HKD4.60 (from HKD5.00) after switching to a PE-based valuation methodology applying a target PE of 7.7x, equivalent to 1.0x standard deviations below the average one-year forward PE since 2023 to reflect the slower growth of the sportswear industry and company-specific risk from its D2C transformation. With 11% implied upside from current levels, we maintain our Hold rating on the stock as we believe Xtep's core segment, running, is under increasing competitive pressure.

Pop Mart

After its 1Q26 trade update, we lower its revenue growth in 2026e to 9.6% from 14.4%, mainly from lowering the growth overseas to -14.1% from 18.7% before. Due to an unfavourable regional mix, higher raw material costs (PVC) and operating de-leverage, we also lower the 2026e net profit margin to 32.7% from 33.0%, leading to a 5.2% cut in our 2026e net profit estimate. Over 2026-28e, after we keep its net profit and revenue CAGRs largely unchanged at 22.6%/24.4%; we also lower 2027-28e net profit by 5.0%/4.9% on 4.1%/4.1% lower revenue estimates.

Figure 54. Pop Mart: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (26-28e)	
RMBm		**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**
Revenue	**37,120**	**42,463**	**40,677**	**-4.2%**	**52,398**	**50,231**	**-4.1%**	**63,820**	**61,187**	**-4.1%**	**22.6%**	**22.6%**
YoY%	184.7%	14.4%	9.6%		23.4%	23.5%		21.8%	21.8%			
- PRC	20,852	23,146	26,707	15.4%	27,666	31,915	15.4%	33,025	38,091	15.3%	19.4%	19.4%
YoY%	161.6%	11.0%	28.1%		19.5%	19.5%		19.4%	19.4%			
- Overseas	16,268	19,317	13,971	-27.7%	24,732	18,316	-25.9%	30,795	23,096	-25.0%	26.3%	28.6%
YoY%	291.9%	18.7%	-14.1%		28.0%	31.1%		24.5%	26.1%			
Gross profit	**26,765**	**29,687**	**28,073**	**-5.4%**	**37,027**	**35,237**	**-4.8%**	**45,178**	**43,027**	**-4.8%**	**23.4%**	**23.8%**
YoY%	207.4%	10.9%	4.9%		24.7%	25.5%		22.0%	22.1%			
GPM%	72.1%	69.9%	69.0%		70.7%	70.1%		70.8%	70.3%			
Operating profit	**16,890**	**18,553**	**17,604**	**-5.1%**	**23,191**	**22,053**	**-4.9%**	**28,540**	**27,175**	**-4.8%**	**24.0%**	**24.2%**
YoY%	306.6%	9.8%	4.2%		25.0%	25.3%		23.1%	23.2%			
OPM%	45.5%	43.7%	43.3%		44.3%	43.9%		44.7%	44.4%			
Net profit	**12,776**	**14,024**	**13,295**	**-5.2%**	**17,548**	**16,672**	**-5.0%**	**21,624**	**20,571**	**-4.9%**	**24.2%**	**24.4%**
YoY%	308.8%	9.8%	4.1%		25.1%	25.4%		23.2%	23.4%			
NPM%	34.4%	33.0%	32.7%		33.5%	33.2%		33.9%	33.6%			
Non-IFRS adjusted net profit	**13,084**	**14,344**	**13,615**	**-5.1%**	**17,888**	**17,012**	**-4.9%**	**21,985**	**20,932**	**-4.8%**	**23.8%**	**24.0%**
YoY%	284.5%	9.6%	4.1%		24.7%	25.0%		22.9%	23.0%			
Adjusted NPM%	35.2%	33.8%	33.5%		34.1%	33.9%		34.4%	34.2%			

Source: Company data, HSBC estimates

We lower our target price by 19.5% to HKD189.50 (from HKD235.50) after switching to a PE-based valuation methodology, applying a target PE of 14.3x, equivalent to 1.3x standard deviations below the average one-year forward PE since 2023, to reflect the persistent earnings risk from re-basing of its Labubu products. With 17% implied upside from current levels, we maintain our Buy rating on the stock as we believe the resilience in its domestic business might buffer the further downside in its overseas business.

Yue Yuen

Post its 1Q26 results, we lower 2026e net profit by 16.7%, mainly from revising down its manufacturing business' margins due to uneven capacity utilisation, lagged pass-through of raw material costs and higher costs from tariff sharing (especially in 1Q26). We still expect a recovery in its manufacturing business in 2027e, with the segment's OPM improving to 6.5% in 2028e from 5.5% in 2026e, but visibility remains low.

Figure 55. Yue Yuen: earnings revision summary

	2025a	2026e			2027e			2028e			CAGR (26-28e)	
USDm		**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**	**% diff**	**Old**	**New**
Revenue	**8,031**	**7,939**	**7,998**	**0.7%**	**8,064**	**8,233**	**2.1%**	**8,198**	**8,477**	**3.4%**	**1.6%**	**3.0%**
YoY%	-1.8%	-1.1%	-0.4%		1.6%	2.9%		1.7%	3.0%			
- MFG	5,648	5,596	5,598	0.0%	5,760	5,810	0.9%	5,932	6,030	1.7%	3.0%	3.8%
YoY%	0.5%	-0.9%	-0.9%		2.9%	3.8%						
- Retail	2,383	2,343	2,399	2.4%	2,305	2,423	5.1%	2,266	2,447	8.0%	-1.7%	1.0%
YoY%	-7.0%	-1.7%	0.7%		-1.7%	1.0%		-1.7%	1.0%			
Gross profit	**1,828**	**1,837**	**1,788**	**-2.7%**	**1,854**	**1,833**	**-1.1%**	**1,872**	**1,879**	**0.4%**	**0.9%**	**2.5%**
YoY%	-8.3%	0.5%	-2.2%		0.9%	2.5%		1.0%	2.5%			
GPM%	22.8%	23.1%	22.4%		23.0%	22.3%		22.8%	22.2%			
Operating profit	**436**	**441**	**380**	**-13.8%**	**472**	**449**	**-4.9%**	**484**	**464**	**-4.1%**	**4.8%**	**10.5%**
YoY%	-20.2%	1.2%	-12.9%		7.0%	18.2%		2.5%	3.3%			
OPM%	5.4%	5.6%	4.8%		5.9%	5.5%		5.9%	5.5%			
- MFG	6.7%	6.9%	5.5%	-19.4%	7.2%	6.5%	-8.9%	7.2%	6.5%	-8.2%	5.5%	12.6%
- Retail	2.1%	2.3%	3.0%	34.4%	2.3%	3.0%	38.0%	2.3%	3.0%	41.7%	-1.7%	1.0%
Net profit	**381**	**349**	**291**	**-16.6%**	**365**	**334**	**-8.5%**	**376**	**346**	**-8.0%**	**3.7%**	**9.0%**
YoY%	-2.9%	-8.3%	-23.7%		4.6%	14.8%		2.8%	3.6%			
NPM%	4.7%	4.4%	3.6%		4.5%	4.1%		4.6%	4.1%			
Adjusted net profit	**367**	**349**	**293**	**-16.0%**	**365**	**334**	**-8.5%**	**376**	**346**	**-8.0%**	**3.8%**	**8.7%**
YoY%	-3.1%	-4.7%	-20.0%		4.6%	13.8%		2.8%	3.6%			
Adjusted NPM%	4.6%	4.4%	3.7%		4.5%	4.1%		4.6%	4.1%			

Source: Company data, HSBC estimates

We lower our target price by 23.3% to HKD14.50 (from HKD18.90) after switching to a PE-based valuation methodology applying a target PE of 8.9x, equivalent to 1.5x standard deviations above the average one-year forward PE since 2023, to reflect the bottoming out of its earnings cycle from 2027. With 1% implied downside from the current level, we downgrade our rating to Hold from Buy.

Laopu Gold

After Laopu raised product prices by c20% at end-February 2026, spot gold prices retreated from above USD5k per ounce to c4.5k per ounce, widening the premium of its products vs. spot gold and peers' weight-based gold jewellery. As a result, sales momentum has decelerated sharply since March as the price attractiveness on a gold-weighted basis faded. We believe the company could face a prolonged adjustment period into 2H26, as its growth engine transitions from "rush-to-buy" demand driven by gold appreciation expectations to more sustainable growth supported by product innovation and brand equity.

We raise our 2026e revenue forecast by 4.2%, supported by stronger-than-expected 1Q26 sales growth of over 150% y-o-y, but expect growth to moderate to 19.6% in 2H26e. We also raise our 2026e net profit forecast by 15.3% after increasing our net profit margin assumption to 21.2% from 19.2% previously, reflecting improved GPM amid lower gold raw material costs. However, for 2026-28 we lower our sales CAGR forecast to 6.1% from 9.6% previously due to heightened demand uncertainty. Should "rush-to-buy" demand re-emerge, growth could exceed our current expectations.

Figure 56. Laopu Gold: earnings revision summary

	1H26e	2H26e	2026e			2027e			2028e			CAGR (26-28e)	
RMBm	New	New	Old	New	% diff	Old	New	% diff	Old	New	% diff	Old	New
Revenue	**23,452**	**17,899**	**39,670**	**41,351**	**4.2%**	**44,516**	**44,383**	**-0.3%**	**47,639**	**46,508**	**-2.4%**	**9.6%**	**6.1%**
YoY%	89.8%	19.7%	45.3%	51.5%		12.2%	7.3%		7.0%	4.8%			
Gross profit			**15,273**	**16,954**	**11.0%**	**17,807**	**18,197**	**2.2%**	**19,055**	**19,068**	**0.1%**	**11.7%**	**6.1%**
YoY%			48.7%	65.0%		16.6%	7.3%		7.0%	4.8%			
GPM%			38.5%	41.0%		40.0%	41.0%		40.0%	41.0%			
EBIT			**10,184**	**11,711**	**15.0%**	**12,161**	**12,563**	**3.3%**	**13,079**	**13,195**	**0.9%**	**13.3%**	**6.1%**
YoY%			55.5%	78.8%		19.4%	7.3%		7.6%	5.0%			
EBIT Margin%			25.7%	28.3%		27.3%	28.3%		27.5%	28.4%			
Net profit	**5,104**	**3,671**	**7,610**	**8,775**	**15.3%**	**9,121**	**9,428**	**3.4%**	**9,829**	**9,917**	**0.9%**	**13.6%**	**6.3%**
YoY%	125.1%	41.2%	56.3%	80.3%		19.9%	7.4%		7.8%	5.2%			
NPM%	21.8%	20.5%	19.2%	21.2%		20.5%	21.2%		20.6%	21.3%			
Non-IFRS adjusted net profit			**7,610**	**8,775**	**15.3%**	**9,121**	**9,428**	**3.4%**	**9,829**	**9,917**	**0.9%**	**13.6%**	**6.3%**
YoY%			51.3%	74.5%		19.9%	7.4%		7.8%	5.2%			
Adjusted NPM%			19.2%	21.2%		20.5%	21.2%		20.6%	21.3%			

Source: Company data, HSBC estimates

We lower our target price by 23.2% to HKD729.20 (from HKD950.00) after switching to a target PE-based valuation methodology, applying a target PE of 11.7x, equivalent to 1.1x standard deviations below the average one-year forward PE since 2023, to reflect uncertainty around its transition towards branding-led growth. With 50% implied upside from current levels, we maintain our Buy rating on the stock.

CTG Duty Free

We lower our 2026e revenue forecast by 3.7%, primarily from lowering the growth assumption of Hainan DFS sales to 23.6% from 30.8% before, due to the weaker-than-expected recovery trend in 4M26. Primarily driven by lower estimates of Hainan DFS, we also lower our 2026e net profit by 9.2%, but we still expect the group's net profit margin to recover to 8.9% in 2026e from 6.7% in 2025 after Hainan DFS resumes growth (2025: -1.2%).

Figure 57. CTG Duty Free – PRC GAAP: earnings revision summary

RMBm	2025a	2026e Old	2026e New	2026e % diff	2027e Old	2027e New	2027e % diff	2028e Old	2028e New	2028e % diff	CAGR (26-28e) Old	CAGR (26-28e) New
Revenue	**53,694**	**55,624**	**53,542**	**-3.7%**	**60,169**	**57,983**	**-3.6%**	**63,344**	**61,049**	**-3.6%**	**6.7%**	**6.8%**
YoY%	-4.9%	3.6%	-0.3%		8.2%	8.3%		5.3%	5.3%			
- Hainan	28,537	37,340	35,258									
YoY%	-1.2%	30.8%	23.6%									
Gross profit	**17,585**	**19,044**	**18,325**	**-3.8%**	**20,391**	**19,583**	**-4.0%**	**21,566**	**20,717**	**-3.9%**	**6.4%**	**6.3%**
YoY%	-2.8%	8.3%	4.2%		7.1%	6.9%		5.8%	5.8%			
GPM%	32.8%	34.2%	34.2%		33.9%	33.8%		34.0%	33.9%			
EBIT	**5,345**	**6,762**	**6,106**	**-9.7%**	**7,167**	**6,407**	**-10.6%**	**7,707**	**6,906**	**-10.4%**	**6.8%**	**6.3%**
YoY%	-7.0%	26.5%	14.2%		6.0%	4.9%		7.5%	7.8%			
EBIT Margin%	10.0%	12.2%	11.4%		11.9%	11.0%		12.2%	11.3%			
Net profit	**3,586**	**5,249**	**4,767**	**-9.2%**	**6,101**	**5,528**	**-9.4%**	**6,511**	**5,907**	**-9.3%**	**11.4%**	**11.3%**
YoY%	-16.0%	46.4%	32.9%		16.3%	16.0%		6.7%	6.9%			
NPM%	6.7%	9.4%	8.9%		10.1%	9.5%		10.3%	9.7%			

Source: Company data; HSBC estimates

We lower our A-share target price by 16.9% to RMB67.20 (from RMB80.90), after switching to a PE-based valuation methodology, applying a target PE of 27.0x, equivalent to 0.5x standard deviations above the average one-year forward PE since 2023 to reflect the recovery growth in its Hainan DFS, the profit centre of the group. We derive our H-share target price of HKD64.60 (from HKD76.70) by applying an 18% (unchanged) H-to-A discount and HSBC FX team's latest 2026-end HKD:RMB assumption of 1.17 (from 1.16). With 23%/24% upside from current levels for A/H shares, we maintain our Buy ratings on the A/H shares.

Miniso

Based on its results for 1Q26, we think the group is well on track to achieve its full year growth target of high-teen growth in revenue, adjusted OP growth of 10% and adjusted net profit up between 7-10%. Thus, we raise our 2026e adjusted net profit by 8%, reflecting the better-than-expected 1Q26 results. We keep our 2027-28e revenue forecasts largely unchanged, due to uncertainty about its growth outlook.

Figure 58. Miniso: earnings revision summary

RMBm	2025a	2026e Old	2026e New	2026e % diff	2027e Old	2027e New	2027e % diff	2028e Old	2028e New	2028e % diff	CAGR (26-28e) Old	CAGR (26-28e) New
Revenue	**21,444**	**25,600**	**25,748**	**0.6%**	**28,967**	**28,869**	**-0.3%**	**32,574**	**32,751**	**0.5%**	**12.8%**	**12.8%**
YoY%	26.2%	19.4%	20.1%		13.2%	12.1%		12.5%	13.4%			
Gross profit	**9,648**	**11,168**	**11,502**	**3.0%**	**12,927**	**13,276**	**2.7%**	**14,715**	**15,170**	**3.1%**	**14.8%**	**14.8%**
YoY%	26.3%	15.8%	19.2%		15.8%	15.4%		13.8%	14.3%			
GPM%	45.0%	43.6%	44.7%		44.6%	46.0%		45.2%	46.3%			
Adjusted operating profit	**3,671**	**4,052**	**4,086**	**0.8%**	**4,550**	**4,652**	**2.2%**	**5,090**	**5,260**	**3.3%**	**12.1%**	**13.5%**
YoY%	7.9%	10.4%	11.3%		12.3%	13.8%		11.9%	13.1%			
Adjusted OPM%	17.1%	15.8%	15.9%		15.7%	16.1%		15.6%	16.1%			
Net profit	**1,205**	**2,974**	**3,597**	**20.9%**	**2,737**	**3,213**	**17.4%**	**3,182**	**3,631**	**14.1%**	**3.4%**	**0.5%**
YoY%	-54.0%	146.8%	198.5%		-8.0%	-10.7%		16.3%	13.0%			
NPM%	5.6%	11.6%	14.0%		9.4%	11.1%		9.8%	11.1%			
Non-IFRS adjusted net profit	**2,898**	**2,854**	**3,083**	**8.0%**	**3,211**	**3,552**	**10.6%**	**3,628**	**3,970**	**9.4%**	**12.7%**	**13.5%**
YoY%	6.5%	-1.5%	6.4%		12.5%	15.2%		13.0%	11.8%			
Adjusted NPM%	13.5%	11.1%	12.0%		11.1%	12.3%		11.1%	12.1%			

Source: Company data, HSBC estimates

We lower our target price by 26.1% to USD18.10 (from USD24.50) after switching to a PE-based valuation methodology, applying a target PE multiple of 10.9x, equivalent to 1.0x standard deviations below the average one-year forward PE since 2023, to reflect the persistent uncertainty on its earnings outlook. With 44% implied upside from current levels, we maintain our Buy rating on the stock.

Topsports

Based on its FY26 result, the group's net profit only declined 1.5% y-o-y on 4.7% decline in revenue, thanks to its success in cost control. FY26 dividend was flat y-o-y at RMB1,376mn, representing a maintained high payout ratio of 137%. However, looking into FY27, while the company is actively seeking growth opportunities from new momentum category and brands, its earnings are still tightly tied to its principal brands, which accounted for 87% of revenue in FY26, and weak macro outlook and intensifying competition in sportswear sector could put further pressure on the growth side of the business. We now expect its FY27e revenue to decline by 2.1% y-o-y, but keep its net profit forecast largely flat at RMB1,275mn, reflecting confidence in its further improvement in cost control and operating efficiency.

We also introduce our FY29e estimates in this report.

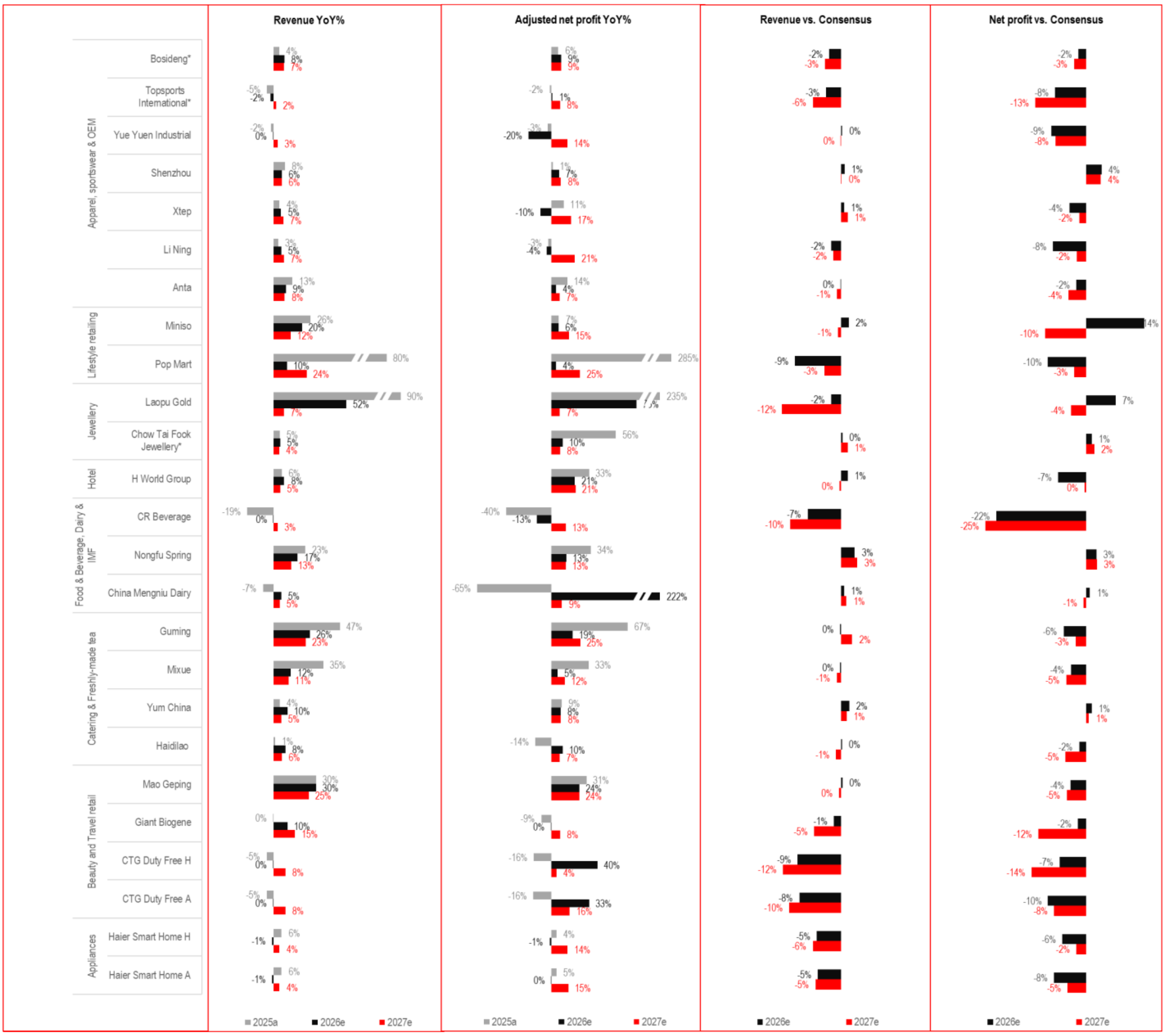
Figure 59. Topsports: earnings revision summary

	FY26			FY27e			FY28e			FY29e	CAGR (26-29e)	
RMBm	Est.	Actual	% diff	Old	New	% diff	Old	New	% diff	New	Old	New
Revenue	**25,639**	**25,740**	**0.4%**	**26,086**	**25,200**	**-3.4%**	**26,771**	**25,643**	**-4.2%**	**26,549**	**1.2%**	**1.0%**
YoY%	-5.1%	-4.7%		1.7%	-2.1%		2.6%	1.8%		3.5%		
Gross profit	**9,982**	**9,785**	**-2.0%**	**10,286**	**9,527**	**-7.4%**	**10,697**	**9,821**	**-8.2%**	**10,312**	**1.1%**	**1.8%**
YoY%	-3.9%	-5.8%		3.0%	-2.6%		4.0%	3.1%		5.0%		
GPM%	38.9%	38.0%		39.4%	37.8%		40.0%	38.3%		38.8%		
Operating profit	**1,594**	**1,522**	**-4.5%**	**1,731**	**1,615**	**-6.7%**	**1,886**	**1,751**	**-7.2%**	**1,920**	**6.4%**	**8.1%**
YoY%	0.1%	-4.5%		8.6%	6.1%		9.0%	8.4%		9.6%		
OPM%	6.2%	5.9%		6.6%	6.4%		7.0%	6.8%		7.2%		
Net profit	**1,274**	**1,267**	**-0.5%**	**1,388**	**1,275**	**-8.1%**	**1,508**	**1,371**	**-9.1%**	**1,506**	**5.7%**	**5.9%**
YoY%	-0.9%	-1.5%		9.0%	0.6%		8.6%	7.5%		9.9%		
NPM%	5.0%	4.9%		5.3%	5.1%		5.6%	5.3%		5.7%		

Source: Company data; HSBC estimates

We lower our target price by 6.7% to HKD2.80 (from HKD3.00) after switching to a PE-based valuation methodology, applying a target PE multiple of 11.8x, equivalent to the average one-year forward PE since 2023. With 1% upside from current levels, we maintain our Hold rating on the stock.

Figure 60. Earnings snapshot of our coverage



Note: *Chow Tai Fook and Bosideng data are FY26e, FY27e, and FY28e, respectively. Topsports data are FY26a, FY27e and FY28e, respectively
Source: Company data, HSBC estimates, LSEG Datastream

Figure 61. HSBC vs Consensus

	2026e			2027e			2028e		
RMBm	HSBC estimates	Consensus	% diff	HSBC estimates	Consensus	% diff	HSBC estimates	Consensus	% diff
Appliances									
Haier Smart Home A									
Total revenue	299,687	314,422	-4.7%	312,276	329,224	-5.1%	325,484	339,973	-4.3%
Net profit	19,271	20,952	-8.0%	21,995	23,080	-4.7%	23,740	23,869	-0.5%
Haier Smart Home H									
Total revenue	299,677	315,019	-4.9%	312,266	330,888	-5.6%	325,473	343,110	-5.1%
Net profit	19,271	20,501	-6.0%	21,995	22,556	-2.5%	23,740	24,230	-2.0%
Beauty and travel retail									
CTG Duty Free A									
Total revenue	53,542	58,400	-8.3%	57,983	64,699	-10.4%	61,049	72,211	-15.5%
Net profit	4,767	5,272	-9.6%	5,528	6,014	-8.1%	5,907	7,058	-16.3%
CTG Duty Free H									
Total revenue	53,542	58,632	-8.7%	57,983	65,616	-11.6%	61,049	73,170	-16.6%
Net profit	5,108	5,471	-6.6%	5,332	6,179	-13.7%	5,711	7,320	-22.0%
Giant Biogene									
Total revenue	6,062	6,150	-1.4%	6,987	7,387	-5.4%	7,895	7,938	-0.5%
Net profit	1,931	1,972	-2.1%	2,111	2,399	-12.0%	2,291	2,500	-8.4%
Mao Geping									
Total revenue	6,568	6,551	0.3%	8,205	8,243	-0.5%	10,024	10,043	-0.2%
Net profit	1,498	1,559	-3.9%	1,866	1,962	-4.9%	2,297	2,431	-5.5%
Catering & freshly-made tea									
Haidilao									
Total revenue	46,819	46,726	0.2%	49,526	50,052	-1.1%	52,230	53,174	-1.8%
Net profit	4,449	4,529	-1.8%	4,765	5,028	-5.2%	5,082	5,520	-7.9%
Yum China (USDm)									
Total revenue	12,967	12,756	1.7%	13,665	13,514	1.1%	14,503	14,286	1.5%
Net profit	1,035	1,021	1.4%	1,121	1,114	0.6%	1,234	1,216	1.5%
Mixue									
Total revenue	37,655	37,729	-0.2%	41,672	42,043	-0.9%	45,381	45,718	-0.7%
Net profit	6,196	6,442	-3.8%	6,921	7,286	-5.0%	7,556	7,948	-4.9%
Guming									
Total revenue	16,214	16,256	-0.3%	19,903	19,479	2.2%	23,563	23,056	2.2%
Net profit	3,048	3,231	-5.7%	3,819	3,924	-2.7%	4,536	4,679	-3.1%
Food & Beverage, Dairy									
China Mengniu Dairy									
Total revenue	86,678	86,168	0.6%	90,598	89,668	1.0%	93,894	93,724	0.2%
Net profit	4,998	4,953	0.9%	5,458	5,493	-0.6%	5,852	6,030	-3.0%
Nongfu Spring									
Total revenue	61,501	59,877	2.7%	69,225	67,070	3.2%	78,016	74,823	4.3%
Net profit	18,042	17,594	2.5%	20,337	19,807	2.7%	22,942	22,218	3.3%
CR Beverage									
Total revenue	10,987	11,774	-6.7%	11,305	12,588	-10.2%	11,681	13,424	-13.0%
Net profit	862	1,112	-22.5%	969	1,295	-25.2%	1,033	1,454	-29.0%
Hotel									
H World Group Limited									
Total revenue	27,207	26,846	1.3%	28,528	28,632	-0.4%	29,960	30,755	-2.6%
Net profit	5,344	5,749	-7.0%	6,610	6,639	-0.4%	7,364	7,347	0.2%
Jewellery									
Chow Tai Fook* (HKDm)	FY26e			FY27e			FY28e		
Total revenue	93,722	93,492	0.2%	98,175	96,883	1.3%	102,022	100,722	1.3%
Net profit	9,254	9,128	1.4%	10,170	9,966	2.0%	10,957	10,804	1.4%
Laopu Gold									
Total revenue	41,351	42,185	-2.0%	44,383	50,325	-11.8%	46,508	59,951	-22.4%
Net profit	8,775	8,177	7.3%	9,428	9,798	-3.8%	9,917	11,804	-16.0%
Lifestyle retailing									
Pop Mart									
Total revenue	40,677	44,803	-9.2%	50,231	51,980	-3.4%	61,187	59,075	3.6%
Net profit	13,295	14,703	-9.6%	16,672	17,182	-3.0%	20,571	19,576	5.1%
Miniso									
Total revenue	25,748	25,366	1.5%	28,869	29,041	-0.6%	32,751	32,091	2.1%
Net profit	3,597	3,142	14.5%	3,213	3,581	-10.3%	3,631	3,988	-9.0%
Apparel, sportswear & OEM									
Anta									
Total revenue	87,199	87,339	-0.2%	94,050	94,843	-0.8%	102,026	102,701	-0.7%
Net profit	14,135	14,491	-2.5%	15,169	15,868	-4.4%	16,263	17,305	-6.0%
Li Ning									
Total revenue	31,182	31,810	-2.0%	33,420	33,943	-1.5%	35,303	36,232	-2.6%
Net profit	2,816	3,071	-8.3%	3,396	3,479	-2.4%	3,669	3,897	-5.9%

Figure 61. HSBC vs Consensus

RMBm	2026e HSBC estimates	2026e Consensus	2026e % diff	2027e HSBC estimates	2027e Consensus	2027e % diff	2028e HSBC estimates	2028e Consensus	2028e % diff
Xtep									
Total revenue	14,906	14,815	0.6%	15,945	15,734	1.3%	17,099	16,661	2.6%
Net profit	1,241	1,296	-4.2%	1,453	1,479	-1.8%	1,633	1,620	0.8%
Shenzhou									
Total revenue	32,793	32,563	0.7%	34,756	34,719	0.1%	36,507	37,101	-1.6%
Net profit	6,309	6,078	3.8%	6,935	6,691	3.6%	7,042	7,230	-2.6%
Yue Yuen Industrial (USDm)									
Total revenue	7,998	7,981	0.2%	8,233	8,239	-0.1%	8,477	8,530	-0.6%
Net profit	291	319	-8.8%	334	362	-7.7%	346	397	-12.8%
Topsports International*	**FY27e**			**FY28e**			**FY29e**		
Total revenue	25,200	25,976	-3.0%	25,643	27,181	-5.7%	26,549	28,139	-5.7%
Net profit	1,275	1,383	-7.8%	1,371	1,571	-12.7%	1,506	1,852	-18.7%
Bosideng*	**FY26e**			**FY27e**			**FY28e**		
Total revenue	26,963	27,613	-2.4%	29,009	29,967	-3.2%	31,150	32,671	-4.7%
Net profit	3,723	3,796	-1.9%	4,040	4,167	-3.0%	4,384	4,590	-4.5%

Source: HSBC estimates, LSEG Datastream. *These time periods are FY not CY

Valuation and risks

		Valuation	Risks
Anta Sports 2020 HK **Buy**	Current price: **HKD74.50** Target price: **HKD96.30** Up/downside: **+29.3%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 8.5%, a terminal growth rate of 1.0% and the end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 11.0% to HKD96.30 (from HKD108.20) after switching to a PE-based valuation methodology applying a target PE multiple of 15.6x, equivalent to 0.5 standard deviations below the average one-year forward PE since 2023, to reflect the slower growth of the sportswear industry and intensifying competition. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD96.30 implies c29% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Secondary listing:** For the Hong Kong-listed, RMB-denominated share class (82020 HK, RMB64.50), our target price of RMB82.10 (from RMB93.65) is derived by applying an RMB-HKD FX rate of 1.17 (from 1.16) to our H-share target price. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Weaker-than-expected GPM, as retail discount widens after reacting to intensifying competition ◆ Weaker-than-expected retail sell-through of its Fila and Anta core brands ◆ Slower-than-expected growth for its high-end other brands due to weak consumer sentiment in China ◆ Weaker-than-expected earnings contribution from Amer Sports ◆ Intensifying industry competition from inventory issues at major competitor brands
Bosideng 3998 HK **Buy**	Current price: **HKD4.21** Target price: **HKD5.00** Up/downside: **+18.8%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 7.8%, a terminal growth rate of 1.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 12.3% to HKD5.00 (from HKD5.70) after switching to a PE-based valuation methodology applying a target PE multiple of 11.7x, equivalent to its average one-year forward PE since 2023. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD5.00 implies c19% upside from the current share price. We maintain our Buy rating on the stock as we believe the upside in its non-winter product lines might lead to potential upside risk to earnings. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Weaker-than-expected winter sales in FY27. ◆ Weaker-than-expected summary and spring product sales in FY27. ◆ Widening of retail discount on intense competition and heightened inventory levels. ◆ Warm winters could negatively affect demand for down apparel. ◆ Rising competition from the new functional outwear category leading to market cannibalisation of the down apparel market.
CR Beverage 2460 HK **Reduce**	Current price: **HKD7.62** Target price: **HKD7.10** Up/downside: **-6.8%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 9.0%, a terminal growth rate of 2.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 11.3% to HKD7.10 (from HKD8.00) after switching to a PE-based valuation methodology applying a target PE multiple of 15.8x, equivalent to 1.0 standard deviations above the average one-year forward PE since IPO, to reflect the bottoming out of its earnings cycle but still with no visibility for an upcycle. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD7.10 implies c7% downside from the current share price. We maintain our Reduce rating on the stock as higher-than-expected PET costs could lead to further pressure on its earnings. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key upside risks** ◆ Competition in packaged drinking water industry becomes less intense, which leads to stronger-than-expected recovery in ASP and margins. ◆ Better-than-expected GPM from deeper-than-expected decline in PET resin prices. ◆ A ramp-up in its beverage business from better-than-expected post channel restructuring. ◆ Product defects, product contamination or other product quality and food safety issues related to its products. ◆ Stronger-than-expected growth in bottled water thanks to a change in consumer preferences and more benign competition from the freshly-made drinks market. ◆ Stronger-than-expected demand due to favourable weather conditions during the summer.

CTG Duty Free 1880HK/ 601888 CH

Buy/Buy

Current price: HKD52.10 RMB54.76

Target price: HKD64.60 RMB67.20

Up/downside : H:+24.0% A:+22.7%

Valuation

Methodology: PE-based methodology.

Assumptions: Previously we used a DCF methodology (FCFF) with a WACC of 9.5%, a terminal growth rate of 3.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team.

We lower our A-share target price by 16.9% to RMB67.20 (from RMB80.90), after switching to a PE-based valuation methodology applying a target PE of 27.0x, equivalent to 0.5 standard deviations above the average one-year forward PE since 2023, to reflect the recovery growth in its Hainan DFS, the profit centre of the group.

We derive our H-share target price of HKD64.60 (from HKD76.70) by applying an 18% (unchanged) H-to-A discount and HSBC FX team's latest 2026-end HKD:RMB assumption of 1.17 (from 1.16) from HSBC Global Investment Research's FX team

Our A/H share target prices imply c23%/24% upside from the current share prices. Accordingly, we maintain our Buy ratings on the stocks.

Lina Yan*, CFA | linayjyan@hsbc.com.hk | +852 2822 4344

Risks

Key downside risks

- Hainan Island loses its traction with mainland Chinese residents as a travel and shopping destination of choice
- The resumption of outbound travel cannibalising duty-free sales onshore within China as Chinese shoppers travel internationally and make purchases outside of China
- Category risk: Sales of international beauty brands are the largest category for CTG. If Chinese consumers' preference shifts from international beauty brands to mid- to high-end domestic brands, this may negatively affect duty-free operators' sales
- The increase in supply of commercial space on Hainan Island may lead to intensifying competition
- FX: RMB depreciation against the USD could negatively affect the company's GPM
- The slower-than-expected ramp-up of sales from its new store in Haikou (Xin Hai Gang) and the new opening of Sanya phase III could drag the group's margins

China Mengniu Dairy 2319 HK

Buy

Current price: HKD16.59

Target price: HKD23.80

Up/downside: +43.5%

Valuation

Methodology: PE-based methodology.

Assumptions: We previously used a DCF methodology (FCFF) with a WACC of 10.0%, a terminal growth rate of 1.0% and the end-2026 RMB-HKD forecast of 1.16 from HSBC Global Investment Research's FX team.

We lower our target price by 5.2% to HKD23.80 (from HKD25.10) after switching to a PE-based valuation methodology, applying a target PE of 15.1x, equivalent to 1.0 standard deviations above the average one-year forward PE since 2023, to reflect its earnings upcycle driven by recovery in raw milk prices. We also use the latest end-2026 RMB-HKD assumption of 1.17 (previously 1.16) from HSBC Global Investment Research's FX team.

Our target price of HKD23.80 implies c43% upside from the current share price. Accordingly, we maintain our Buy rating on the stock.

Lina Yan*, CFA | linayjyan@hsbc.com.hk | +852 2822 4344

Risks

Key downside risks

- Lower-than-expected revenue growth
- Higher-than-expected selling & distribution cost ratio if the company engages in more aggressive promotion activities
- Worse-than-expected industry competition from a sharper-than-expected fall in spot raw milk prices
- Weaker-than-expected revenue growth if consumer demand for liquid milk slows down
- The oversupply issue in raw milk is prolonged more than expected
- New product cycles propel weaker-than-expected market share gains.

Chow Tai Fook 1929 HK

Buy

Current price: HKD10.86

Target price: HKD13.50

Up/downside: +24.3%

Valuation

Methodology: PE-based methodology.

Assumptions: Previously we used a target PE multiple derived from a Gordon growth model with a cost of equity of 10.8%, a target PE multiple of 17.1x, an FY27e reported EPS of HKD1.02, and a long-term growth rate of 6.0%.

We lower our target price by 22.4% to HKD13.50 (from HKD17.40) after switching to a PE-based valuation methodology applying a target PE multiple of 13.9x, equivalent to its average one-year forward PE since 2023.

Our target price of HKD13.50 implies c24% upside from the current share price. Accordingly, we maintain our Buy rating on the stock.

Lina Yan*, CFA | linayjyan@hsbc.com.hk | +852 2822 4344

Risks

Key downside risks

- Slower-than-expected demand growth as consumer spending power starts to hurt jewellery consumption
- Weaker-than-expected sell-through in franchise stores, which might lead to lower-than-expected wholesale sales to franchisees
- Weaker-than-expected margins due to adverse movement in gold prices
- Weaker-than-expected discretionary spending after the initiation of the recovery in pent-up demand
- Intensifying competition in mainland China as competitors also roll out more stores.

		Valuation	Risks
Giant Biogene 2367 HK **Buy**	Current price: **HKD27.02** Target price: **HKD33.40** Up/downside: **+23.6%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 9.8%, a terminal growth rate of 1.0% and the end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 20.7% to HKD33.40 (from HKD42.10) after switching to a PE-based valuation methodology applying a target PE multiple of 14.8x, equivalent to 1.0 standard deviations below the average one-year forward PE since 2023, to reflect the de-rating of the company as its hero Comfy brand faces growth challenges. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD33.40 implies c24% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ The negative impact from the social media posts in May 2025 on Comfy brand might linger for longer ◆ The sales momentum of the Comfy brand may decelerate as competitors launch their own products using recombinant collagen ◆ Product concentration risk with a quarter of its sales from its single-use recombinant collagen essence ◆ A potential delay in the licence registration of its medical III device products (medical beauty) in the pipeline. ◆ Changing consumer preference from collagen based to other biological active ingredients ◆ Lower-than-expected industry growth due to a decline in consumer purchasing power ◆ Changes in regulatory requirements or licensing may impact the competitive landscape of the skincare and rejuvenation beauty markets.
Guming 1364 HK **Buy**	Current price: **HKD22.76** Target price: **HKD29.10** Up/downside: **+27.9%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 11.4%, a terminal growth rate of 2.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 26.1% to HKD29.10 (from HKD39.40) after switching to a target PE-based valuation methodology using a target PE multiple of 18.9x, based on 0.5 standard deviations below the average one-year forward PE since its IPO, to reflect its margin risk in 2026e with the fade-out of delivery subsidies. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD29.10 implies c28% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Deterioration in the company's SSSG might dampen the unit economics of franchisees, leading to a slowdown in expansion growth, as well as a decline in the sales of goods per franchised store. ◆ A higher sales mix from delivery services might dampen the unit economics of franchisees and prolong the payback period. ◆ Lock-up expiry of pre-IPO and cornerstone investors, who held 12.07% and 2.34% of total share outstanding, respectively, vs the stock's current public float of 6.15%. The lock-up for pre-IPO and cornerstone investors expired on 11 August 2025. ◆ Increasingly intense competition within China's freshly-made drinks industry. ◆ Food safety and hygiene compliance risks might negatively affect consumers' preference for freshly-made drinks.
H World HTHT US /1179 HK **Buy/Buy**	Current price: **USD44.70** **HKD34.44** Target price: **USD61.60** **HKD48.00** Up/downside: **US: +37.8%** **H: +39.4%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 9.5%, a terminal growth rate of 2.0% and the end-2026 USD:RMB assumption of 6.75 from HSBC Global Investment Research's FX team. We lower our target price by 2.8% to USD61.60 (from USD63.40) after switching to a PE-based valuation methodology, applying a target PE of 21.8x, equivalent to its average one-year forward PE since 2023. We also use the latest end-2026 USD:RMB assumption of 6.65 from HSBC Global Investment Research's FX team. Our target price of USD61.60 implies c38% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Secondary listing:** For the local shares (1179 HK, CMP HKD34.44), our new target price of HKD48.00 (from HKD49.50) is based on USD-HKD forecast of 7.80 and an ADS to local share ratio of 1:10. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks:** ◆ Weaker-than-expected RevPAR ◆ Bigger-than-expected impairment loss. ◆ Hotel rollouts and ramp-ups missing expectations ◆ Profitability of owned & leased hotels decline on softening RevPAR trend ◆ Deteriorating ROIC on weakening industry RevPAR of its franchisees leading to a slowdown in the growth of its hotel pipeline ◆ Regional oversupply of the hotel market being based on local economic conditions ◆ Adverse weather conditions, natural disasters or travellers' fears of exposure to contagious diseases and social unrest

		Valuation	Risks
Haidilao **6862 HK** **Buy**	Current price: **HKD12.36** Target price: **HKD18.50** Up/downside: **+49.7%**	**Methodology:** PE-based methodology. **Assumptions:** We previously used a DCF methodology (FCFF) with a WACC of 8.3%, a terminal growth rate of 2.0% and the end-2026 RMB-HKD forecast of 1.16 from HSBC Global Investment Research's FX team. We raise our target price by 3.4% to HKD18.50 (from HKD17.90) after switching to a PE-based valuation methodology, applying a target PE of 18.5x, equivalent to its average one-year forward PE since 2023. We also use the latest end-2026 RMB-HKD assumption of 1.17 (previously 1.16) from HSBC Global Investment Research's FX team. Our target price of HKD18.50 implies c50% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Weaker-than-expected recovery in table turn ◆ Macro slowdown leads to weaker-than-expected store traffic ◆ Lower-than-expected GPM due to intensifying competition ◆ Weaker-than-expected margins of its new businesses
Haier Smart Home **600690 CH / 6690 HK** **Hold/Hold**	Current price: **HKD19.28** **RMB20.11** Target price: **HKD22.10** **RMB22.20** Up/downside: **H: +14.6%** **A: +10.4%**	**Methodology:** PE-based methodology. **Assumptions:** We previously used a DCF methodology (FCFF) with a WACC of 16.1%, a terminal growth rate of 0.0% and the end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We raise our A-share target price by 3.3% to RMB22.20 (from RMB21.80) after switching to a PE-based valuation methodology applying a target PE multiple of 9.7x, equivalent to 1.5x standard deviations below the average one-year forward PE since 2023, to reflect that it has not yet emerged from the current earnings downcycle in both the China and overseas markets. We derive our H-share target price of HKD22.10 (from HKD21.40) by applying a 15% (unchanged) H-to-A discount and HSBC's FX team's latest 2026-end HKD:RMB assumption of 1.17 (from 1.16). Our A/H share target prices of imply c10%/c15% upside from the current share price. We maintain our Hold ratings on the stocks as we think earnings visibility remains weak. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ The growth and margin US business might be weaker-than-expected on stagflation risk ◆ The competition in mainland China might intensify with further weakening in demand ◆ Weaker-than-expected gross margin with partial pass-through of higher input costs to consumers ◆ Large-than-expected FX loss due to faster-than expected RMB appreciation **Key upside risks** ◆ The competition in the US gets less intensive ◆ Raw material prices stabilise or start to decline ◆ Better-than-expected margins through cost reduction and efficiency improvement
Laopu Gold **6181 HK** **Buy**	Current price: **HKD487.40** Target price: **HKD729.20** Up/downside: **+49.6%**	**Methodology:** PE-based methodology. **Assumptions:** We previously used a DCF methodology (FCFF) with a WACC of 8.9%, a terminal growth rate of 2.0% and the end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 23.2% to HKD729.20 (from HKD950.00) after switching to a target PE-based valuation methodology, applying a target PE of 11.7x, equivalent to 1.1 standard deviations below the average one-year forward PE since IPO, to reflect uncertainty around its transition towards branding-led growth. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD729.20 implies c50% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ The gold price falls and demand drops ◆ The branding side of the business does not progress as well as we expect. ◆ As the company experiences strong demand for its products, there might be quality issues which can adversely affect brand reputation and lead to loss in consumer confidence. ◆ Its business depends on intellectual property, particularly trade names, trademarks, product designs and trade secrets, which the company may not be able to protect against infringement and unauthorised use in counterfeit products. ◆ Secondary placement by its control shareholders or pre-IPO investors might hurt its share performance. ◆ The gold price rises too fast and dampens the demand for gold jewellery, especially in the mass-market segment. ◆ New trends in the jewellery market might cannibalise the growth prospects of fixed-priced gold jewellery.

		Valuation	Risks
Li Ning 2331 HK **Buy**	Current price: **HKD17.78** Target price: **HKD24.80** Up/downside: **+39.5%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 10.9%, a terminal growth rate of 0.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We raise our target price by 1.6% to HKD24.80 (from HKD24.40), after switching to a target PE based valuation methodology using a target PE multiple of 17.6x, based on 0.5x standard deviations above the average one-year forward PE since 2023, to reflect its positive earnings cycle from 2027e. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD24.80 implies c39% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Secondary listing:** For the RMB-denominated, Hong Kong listed share class (82331 HK, RMB15.32) our target price of RMB21.10 (from RMB21.14) is based on the HSBC FX team's end-2026 RMB-HKD assumption of 1.17 (from 1.16). **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Weaker-than-expected retail sell-through growth ◆ Lower-than-expected GPM due to intensifying industry competition. ◆ Higher brand spending does not translate into positive brand momentum.
Mao Geping 1318 HK **Buy**	Current price: **HKD57.40** Target price: **HKD70.00** Up/downside: **+22.0%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 11.9%, a terminal growth rate of 1.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 31.6% to HKD70.00 (from HKD102.40) after switching to a PE-based valuation methodology applying a target PE multiple of 21.6x, equivalent to 1.0x standard deviations below the average one-year forward PE since IPO, to reflect the de-rating of the beauty sector and share disposal pressure from its major shareholders. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD70.00 implies c22% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Key personnel risk: The company's business success has been driven by certain key personnel, including the founder, Mr Mao. There is no guarantee that a Name and Portrait Rights Licensing Framework Agreement with Mr Mao, which will expire in December 2026, will be renewed by Mr. Mao or renewed with similar terms. ◆ Share reduction by shareholders: There was a lock-up expiry on 10 December 2025. ◆ Intensifying competition, which may result in slower-than-expected growth and worse-than-expected margins. ◆ Rapidly changing market demand: The new generation of consumers have grown into a powerful force who change their beauty product needs rapidly. Failure to launch products that meet changing demand could lead to loss of investment and damage to brands' reputations.

		Valuation	Risks
Miniso MNSO US/ 9896 HK **Buy/Buy**	Current price: **USD12.57** **HKD24.16** Target price: **USD18.10** **HKD35.30** Up/downside: **US: +44.0%** **HK: +46.1%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 10.9%, a terminal growth rate of 1.0% and an end-2026 USD:RMB assumption of 6.75 from HSBC Global Investment Research's FX team. We lower our target price by 26.1% to USD18.10 (from USD24.50) after switching to a PE-based valuation methodology applying a target PE multiple of 10.9x, equivalent to 1.0x standard deviations below the average one-year forward PE since 2023, to reflect the persistent uncertainty on its earnings outlook. We also use the latest end-2026 USD:RMB assumption of 6.65 from HSBC Global Investment Research's FX team. Our target price of USD18.10 implies c44% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Hong Kong-listed shares:** For the local share, our target price of HKD35.30 (from HKD47.70) is based on a conversion ratio of four common shares per ADS and USD-HKD assumption of 7.80. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ SSSG in China remains negative due to deteriorating offline traffic. ◆ Overseas self-operated retail stores generate weaker margins than expected. ◆ Licensing costs are higher than expected, which dampens the margins of its overseas business. ◆ Misallocation of capital by entering into new businesses or making acquisitions with low returns. ◆ Rising competition from new entrants. ◆ Pandemic or other events that disrupt offline traffic.
Mixue 2097 HK **Buy**	Current price: **HKD252.00** Target price: **HKD319.40** Up/downside: **+26.7%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 10.9%, a terminal growth rate of 2.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 29.9% to HKD319.40 (from HKD455.90) after switching to a PE-based valuation methodology applying a target PE multiple of 15.8x, equivalent to 1.3x standard deviations below the average one-year forward PE since IPO, to reflect its margin downcycle as platform delivery subsidies fade out. We also use the latest end-2026 RMB-HKD forecast of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD319.40 implies c27% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Deterioration in SSSG might dampen franchisees' unit economics, leading to a slowdown in expansion growth and decline in sales of goods per franchisee. ◆ A setback in its overseas expansion in finding qualified franchisees and achieving satisfactory paybacks on stores opened overseas. ◆ Lock-up expiry of pre-IPO and cornerstone investors, who hold 9.48% and 2.03% of the company's total shares outstanding, respectively, vs the stock's current public float of 3.14%. The lock-up expiration for pre-IPO and cornerstone investors is 2 March 2026 and 2 September 2025, respectively. ◆ Increasingly intense competition within China's freshly-made drinks industry. ◆ Food safety and hygiene compliance risks might negatively affect consumers' preference for freshly-made drinks.
Nongfu Spring 9633 HK **Buy**	Current price: **HKD42.48** Target price: **HKD56.80** Up/downside: **+33.7%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 8.3%, a terminal growth rate of 3.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 0.9% to HKD56.80 (from HKD57.30), after switching to a target PE based valuation methodology using a target PE multiple of 28.4x, based on 0.5x standard deviations below the average one-year forward PE since 2023, to reflect its more mature growth stage with its leading market shares in each product segments. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD56.80 implies c34% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks:** ◆ Worse-than-expected margins due to intensifying industry competition. ◆ Weaker-than-expected recovery in bottled-water sales due to weaker-than-expected demand or heavier-than-expected discounting on prices. ◆ Hangzhou Wahaha Group Co (not covered) does not lose market share in 2026 amidst key management changes. ◆ Its non-sugar RTD tea faces more competition, leading to slower-than-expected growth. ◆ Unfavourable weather negatively affects demand in 2026 during the peak summer season.

		Valuation	Risks
Pop Mart 9992 HK **Buy**	Current price: **HKD161.50** Target price: **HKD189.50** Up/downside: **+17.3%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 13.5%, a terminal growth rate of 3.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 19.5% to HKD189.50 (from HKD235.50) after switching to a PE-based valuation methodology applying a target PE of 14.3x, equivalent to 1.3x standard deviations below the average one-year forward PE since 2023, to reflect the persistent earnings risk from re-basing of its Labubu products. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD189.50 implies c17% upside from the current share price. We maintain our Buy rating on the stock as we believe the resilience in its domestic business might buffer the further downside we see in its overseas business. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ The supply chain might not meet demand; excessive scalper markup may drive real consumers from market ◆ Shareholder placement might create short-term share price pressure ◆ Plagiarised products could dampen the company's reputation ◆ Inability to renew exclusive license agreements with cooperating artists for its major IP ◆ Misallocation of capital from entering new businesses or acquisitions with low returns. ◆ Rising competition from more new market entrants ◆ Pandemic or other events that disrupt offline traffic
Shenzhou 2313 HK **Buy**	Current price: **HKD46.24** Target price: **HKD58.40** Up/downside: **+26.3%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 9.2%, a terminal growth rate of 2.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 25.1% to HKD58.40 (from HKD78.00) after switching to a target PE-based valuation methodology using a target PE multiple of 11.3x, based on 1.0 standard deviations below the average one-year forward PE since 2023, to reflect the continuous uncertainty in orders from its major sportswear clients. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD58.40 implies c26% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks:** ◆ Order growth: Major brand destocking cycle might have ended, but end-demand may come in weaker than expected, leading to reduction in future orders ◆ Utilisation rate: might be lower in certain regions' factories, affecting the group's overall margins ◆ Labour costs: increases in productivity might not offset the minimum wage increase, leading to a higher-than expected labour cost ratio ◆ USD depreciation: sharp depreciation would likely crimp margins and average selling prices in RMB ◆ Raw materials: the company may be unable to pass through raw material cost increases fully to clients.
Topsports International 6110 HK **Hold**	Current price: **HKD2.78** Target price: **HKD2.80** Up/downside: **+0.7%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 10.9%, a terminal growth rate of 2.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 6.7% to HKD2.80 (from HKD3.00) after switching to a PE-based valuation methodology applying a target PE multiple of 11.8x, equivalent to its average one-year forward PE since 2023. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD2.80 implies c1% upside from the current share price. Accordingly, we maintain our Hold rating on the stock. **Yimin Wang*** | yimin.wang@hsbc.com.hk | +852 2822 1506	**Key downside risks** ◆ Slower-than-expected growth of principal brands ◆ Higher-than-expected growth under brands' direct channel (i.e. online) cannibalising sales under Topsports' channel ◆ Weaker-than-expected sportswear market demand and heavier-than-expected discounting in the market ◆ More market share shift from international brands to domestic brands **Key upside risks** ◆ Faster-than-expected growth of principal brands ◆ Additional growth by adding new brands ◆ Stronger-than-expected sportswear market demand and lower-than-expected retail discount. ◆ Better-than-expected market share of international brands ◆ Stronger-than-expected sportswear market demand and lower-than-expected retail discount. ◆ Better-than-expected market share of international brands

		Valuation	Risks
Xtep 1368 HK **Hold**	Current price: **HKD4.13** Target price: **HKD4.60** Up/downside: **+11.4%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 9.9%, a terminal growth rate of 1.0% and an end-2026 RMB-HKD assumption of 1.16 from HSBC Global Investment Research's FX team. We lower our target price by 8.0% to HKD4.60 (from HKD5.00) after switching to a PE-based valuation methodology applying a target PE of 7.7x, equivalent to 1.0 standard deviations below the average one-year forward PE since 2023, to reflect the slower growth of the sportswear industry and company-specific risk from its D2C transformation. We also use the latest end-2026 RMB-HKD assumption of 1.17 from HSBC Global Investment Research's FX team. Our target price of HKD4.60 implies c11% upside from the current share price. We maintain our Hold rating on the stock as we believe Xtep's core segment, running, is under increasing competitive pressure. **Yimin Wang*** | yimin.wang@hsbc.com.hk | +852 2822 1506	**Key upside risks** ◆ Stronger-than-expected online growth from selling more functional new inventory online ◆ Stronger-than-expected retail sell-through for its core Xtep brand ◆ Stronger-than-expected profit contribution from its professional brands **Key downside risks** ◆ Weaker-than-expected wholesale sales growth due to destocking ◆ Intensifying competition in its core running category may negatively affect the company's earnings outlook
Yue Yuen 0551 HK **Hold (downgrade from Buy)**	Current price: **HKD14.66** Target price: **HKD14.50** Up/downside: **-1.1%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 11.4%, a terminal growth rate of 0.0% and the end-2026 USD-HKD assumption of 7.80 from HSBC Global Investment Research's FX team. We lower our target price by 23.3% to HKD14.50 (from HKD18.90) after switching to a PE-based valuation methodology applying a target PE of 8.9x, equivalent to 1.5 standard deviations above the average one-year forward PE since 2023, to reflect the bottoming out of its earnings cycle from 2027. We also use an unchanged end-2026 USD-HKD assumption of 7.80 from HSBC Global Investment Research's FX team. Our target price of HKD14.50 implies c1% downside from the current share price. Accordingly, we downgrade our Buy rating to a Hold. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Worse-than-expected margins for Yue Yuen's OEM business due to the mismatch between capacity growth and order growth ◆ Weaker-than-expected margins for its retail business as competition intensifies ◆ Higher-than-expected capex might lead to lower-than expected payout ◆ Lagged pass-through of higher wage costs and raw material cost to OEM clients **Key upside risks** ◆ Better-than-expect order recovery for Yue Yuen's OEM business ◆ Stronger-than-expected margins for its retail business with turnaround of its principal brands ◆ Higher-than-expected payout
Yum China YUMC US/ 9987 HK **Buy/Buy**	Current price: **USD43.04** **HKD338.20** Target price: **USD54.20** **HKD422.80** Up/downside: **US: +25.9%** **HK: +25.0%**	**Methodology:** PE-based methodology. **Assumptions:** Previously we used a DCF methodology (FCFF) with a WACC of 9.0%, a terminal growth rate of 3.0% and the end-2026 USD-HKD assumption of 7.80 from HSBC Global Investment Research's FX team. We lower our target price by 9.1% to USD54.20 (from USD59.60) after switching to a PE-based valuation methodology applying a target PE multiple of 17.0x, equivalent to 0.5 standard deviations below the average one-year forward PE since 2023, to reflect the normalisation of its payout to 100% of FCF from 2027e. Our target price of USD54.20 implies c26% upside from the current share price. Accordingly, we maintain our Buy rating on the stock. **Secondary listing:** For the local share, our target price of HKD422.80 (from HKD464.90) is based on an unchanged 2026 year-end USD-HKD assumption of 7.80 and an ADS-to-Hong Kong-listed-share conversion ratio of 1 to 1. **Lina Yan*, CFA** | linayjyan@hsbc.com.hk | +852 2822 4344	**Key downside risks** ◆ Lower-than-expected store openings, aggressive development could cannibalise existing sales and new restaurants may not be profitable ◆ The company may miss its SSSG due to rising competition and weakening macro environment ◆ Labour costs account for 22-23% of the company's restaurant revenue. Failure to manage labour productivity gains might negatively impact margins ◆ Fluctuation in the value of the RMB may have a materially adverse effect on reported earnings in USD terms ◆ Intensifying competition might dampen its ticket size and SSSG

Priced at 28 May 2026
* Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations
Source: HSBC estimates

Figure 62. Valuation comp table – consumer discretionary

		CY	Mkt-Cap		Price	HSBC		EV/EBITDA (x)			P/E (x)			Dividend yield (%)			EBITDA Margin			Net Margin			Share performance		
Company	**BLM code**	**End**	**USD m**	**Ccy**	**28-May**	**TP**	**Rating**	**CY26e**	**CY27e**	**CY28e**	**CY26e**	**CY27e**	**CY28e**	**CY26e**	**CY27e**	**CY28e**	**CY26e**	**CY27e**	**CY28e**	**CY26e**	**CY27e**	**CY28e**	**YTD**	**1M**	**6M**
Consumer Discretionary - A share																									
Jinjiang Hotels	600754 CH	Dec	3,449	CNY	19.79	31.00	Buy	8.5	7.8	6.0	22.1	19.0	16.7	2.5	2.9	3.3	23%	24%	26%	8%	9%	10%	-22%	-21%	-22%
BTG Hotels	600258 CH	Dec	2,433	CNY	12.85	19.10	Buy	5.8	5.8	5.8	17.8	15.8	14.1	3.0	3.4	4.4	32%	33%	36%	12%	13%	14%	-23%	-13%	-16%
Proya Cosmetics	603605 CH	Dec	3,576	CNY	57.75	67.00	Hold	9.4	8.1	7.4	14.7	13.4	12.6	2.7	3.0	3.1	18%	18%	18%	14%	14%	14%	-16%	-6%	-18%
Shanghai Jahwa	600315 CH	Dec	2,011	CNY	17.71	21.70	Hold	22.9	18.0	16.2	36.7	27.9	25.0	1.0	1.4	1.6	8%	9%	9%	5%	6%	6%	-21%	-15%	-24%
Yunnan Botanee	300957 CH	Dec	2,620	CNY	37.00	44.00	Hold	17.7	15.4	13.3	28.7	24.7	22.2	1.7	1.8	1.7	15%	16%	17%	10%	11%	11%	-7%	-11%	-10%
Beijing Roborock	688169 CH	Dec	4,604	CNY	112.00	185.00	Buy	13.3	9.7	7.1	16.5	12.7	10.4	0.6	0.9	1.0	9%	10%	11%	8%	9%	10%	-26%	-4%	-26%
Ecovacs Robotics	603486 CH	Dec	5,726	CNY	62.34	75.00	Hold	12.5	10.1	8.5	18.7	16.0	14.3	1.6	1.9	2.0	12%	12%	12%	9%	10%	9%	-23%	-7%	-21%
CTG Duty Free - A	601888 CH	Dec	18,928	CNY	54.76	67.20	Buy	11.8	10.2	8.7	25.3	21.4	18.4	2.0	2.2	2.5	14%	14%	15%	9%	9%	10%	-42%	-15%	-31%
Average								**12.7**	**10.7**	**9.1**	**22.5**	**18.9**	**16.7**	**1.9**	**2.2**	**2.5**	**16%**	**17%**	**18%**	**10%**	**10%**	**11%**	**-22%**	**-12%**	**-21%**
Consumer Discretionary - Offshore																									
Anta Sports	2020 HK	Dec	27,953	HKD	74.50	96.30	Buy	6.9	6.0	5.3	13.3	12.1	11.0	3.5	3.9	4.3	29%	29%	29%	17%	17%	17%	-8%	-9%	-12%
Li Ning	2331 HK	Dec	6,418	HKD	17.78	24.80	Buy	5.6	4.4	3.7	14.1	12.5	11.2	3.5	3.9	4.4	17%	17%	17%	10%	10%	11%	-5%	-11%	2%
Xtep	1368 HK	Dec	1,577	HKD	4.13	4.60	Hold	3.5	3.2	2.7	8.3	7.3	6.7	6.2	7.0	7.7	15%	16%	16%	9%	9%	10%	-22%	-5%	-27%
Shenzhou	2313 HK	Dec	8,930	HKD	46.24	58.40	Buy	6.6	6.0	5.2	9.9	9.1	8.4	6.1	6.7	7.3	25%	25%	26%	19%	19%	19%	-24%	-4%	-33%
Topsports International	6110 HK	Feb	2,337	HKD	2.78	2.80	Hold	5.2	5.3	n/a	11.6	10.3	n/a	8.5	9.5	n/a	11%	11%	n/a	5%	6%	n/a	-4%	-7%	-19%
Yue Yuen	551 HK	Dec	3,058	HKD	14.66	14.50	Hold	3.5	3.1	3.2	8.8	7.9	7.4	8.1	8.9	9.1	10%	10%	10%	4%	5%	5%	-8%	0%	-11%
Crystal International	2232 HK	Dec	2,318	HKD	5.80	N.R.	N.R.	4.9	4.2	3.4	9.1	8.0	7.3	6.8	7.5	8.7	13%	13%	14%	9%	9%	9%	-13%	-9%	-23%
EEKA Fashion	3709 HK	Dec	570	HKD	5.95	N.R.	N.R.	1.8	n/a	n/a	7.3	6.8	n/a	15.5	n/a	n/a	21%	n/a	n/a	7%	7%	8%	-21%	-8%	-28%
JNBY Design	3306 HK	Jun	1,444	HKD	18.90	N.R.	N.R.	5.4	5.0	n/a	9.5	8.9	n/a	7.9	8.5	n/a	27%	26%	n/a	16%	16%	n/a	-3%	-13%	-4%
Bosideng	3998 HK	Mar	6,552	HKD	4.21	5.00	Buy	6.0	5.4	n/a	10.7	9.7	n/a	7.6	8.4	n/a	22%	22%	n/a	14%	14%	n/a	-6%	-2%	-15%
CTG Duty Free - H	1880 HK	Dec	18,928	HKD	52.10	64.60	Buy	11.8	10.3	8.7	19.3	17.1	14.4	2.5	2.8	3.2	14%	14%	15%	9%	9%	10%	-34%	-16%	-28%
JS Global Lifestyle	1691 HK	Dec	759	HKD	1.32	N.R.	N.R.	2.3	1.0	n/a	10.9	7.3	7.3	2.3	2.7	n/a	6%	7%	7%	3%	4%	4%	-32%	-22%	-31%
Giant Biogene	2367 HK	Dec	4,218	HKD	27.02	33.40	Buy	9.2	7.9	6.7	13.5	12.0	11.5	4.0	4.5	5.0	36%	35%	36%	33%	32%	31%	-19%	-8%	-25%
Mao Geping	1318 HK	Dec	4,527	HKD	57.40	70.00	Buy	13.0	10.0	7.8	19.7	15.7	12.7	1.9	2.4	2.8	32%	32%	32%	24%	24%	24%	-30%	-19%	-37%
H World Group - US	HTHT US	Dec	14,485	USD	44.70	61.60	Buy	9.6	8.3	7.8	17.8	15.4	13.7	4.3	4.5	5.1	35%	37%	37%	21%	23%	24%	-5%	-12%	-3%
H World Group - HK	1179 HK	Dec	14,485	HKD	34.44	48.00	Buy	9.8	8.5	8.2	18.4	16.5	15.0	3.9	4.3	4.7	34%	36%	36%	21%	22%	23%	-7%	-11%	-5%
Chow Tai Fook	1929 HK	Mar	14,541	HKD	10.86	13.50	Buy	7.4	7.3	n/a	12.1	11.0	n/a	6.7	7.3	n/a	17%	17%	n/a	10%	11%	n/a	-12%	0%	-20%
Luk Fook	590 HK	Mar	1,747	HKD	20.90	N.R.	N.R.	5.4	3.2	n/a	7.7	7.1	n/a	6.4	6.3	n/a	15%	15%	n/a	10%	10%	n/a	-11%	-8%	-14%
Laopu Gold	6181 HK	Dec	13,376	HKD	487.40	729.20	Buy	8.4	6.5	5.4	11.3	9.2	7.5	6.2	7.4	8.3	26%	26%	26%	19%	20%	20%	-21%	-15%	-28%
Yum China - US	YUMC US	Dec	16,375	USD	43.04	54.20	Buy	7.9	7.2	6.6	16.1	14.4	13.0	2.4	2.8	3.0	15%	16%	17%	8%	8%	9%	-10%	-9%	-11%
Haidilao International	6862 HK	Dec	10,488	HKD	12.36	18.50	Buy	8.1	7.4	6.8	15.5	14.0	12.8	5.5	6.1	6.7	17%	18%	18%	10%	10%	10%	-13%	-12%	-10%
Jiumaojiu International	9922 HK	Dec	309	HKD	1.50	N.R.	N.R.	0.9	2.1	1.7	11.3	8.4	7.0	4.6	5.2	6.0	17%	18%	21%	4%	4%	5%	-16%	-18%	-16%
Yihai	1579 HK	Dec	2,108	HKD	13.77	N.R.	N.R.	7.6	7.0	6.3	14.7	13.5	12.4	6.2	6.6	7.1	22%	22%	23%	13%	14%	14%	9%	-14%	11%
Guming	1364 HK	Dec	7,619	HKD	22.76	29.10	Buy	11.3	8.8	7.1	16.0	13.2	11.0	3.0	3.8	4.3	25%	26%	25%	20%	20%	20%	-7%	-10%	-10%
Mixue	2097 HK	Dec	13,946	HKD	252.00	319.40	Buy	9.5	7.9	6.7	14.7	13.0	11.9	-	0.2	0.7	22%	22%	22%	17%	17%	17%	-35%	-12%	-41%
Pop Mart	9992 HK	Dec	28,795	HKD	161.50	189.50	Buy	8.1	6.4	4.9	12.7	10.8	9.3	2.1	2.5	2.8	45%	45%	46%	33%	33%	34%	-14%	5%	-28%
Miniso - H	9896 HK	Dec	4,532	HKD	24.16	35.30	Buy	6.1	5.0	4.8	9.6	8.4	7.5	5.0	5.8	6.4	19%	19%	19%	13%	13%	12%	-34%	-16%	-38%
Miniso - US	MNSO US	Dec	4,532	USD	12.57	18.10	Buy	7.4	6.1	5.9	9.8	8.6	7.7	5.4	5.6	5.7	19%	19%	20%	12%	12%	12%	-33%	-14%	-37%
Bloks	325 HK	Dec	2,000	HKD	50.30	N.R.	N.R.	10.4	7.7	6.5	16.8	13.0	10.4	-	0.8	-	27%	27%	28%	22%	22%	23%	-22%	-19%	-34%
East Buy	1797 HK	May	3,698	HKD	21.00	N.R.	N.R.	28.6	22.1	n/a	42.5	33.6	n/a	-	-	n/a	13%	14%	n/a	11%	12%	n/a	17%	-26%	7%
Blue Moon Group	6993 HK	Dec	2,336	HKD	3.11	N.R.	N.R.	53.2	31.2	24.4	89.4	54.0	38.2	3.1	3.3	3.5	3%	5%	6%	2%	3%	4%	16%	3%	11%
Average								**9.2**	**7.5**	**6.5**	**16.2**	**13.2**	**11.5**	**4.8**	**5.0**	**5.1**	**21%**	**21%**	**23%**	**14%**	**14%**	**15%**	**-13%**	**-10%**	**-18%**

Source: Bloomberg, LSEG Datastream, HSBC for target prices and ratings. N.R. = not rated.

Figure 63. Valuation comp table – consumer staples

		CY	Mkt-Cap		Price		HSBC	EV/EBITDA (x)			P/E (x)			Dividend yield (%)			EBITDA Margin			Net Margin			Share performance		
Company	**BLM code**	**End**	**USD m**	**Ccy**	**28-May**	**TP**	**Rating**	**CY25e**	**CY26e**	**CY27e**	**CY25e**	**CY26e**	**CY27e**	**CY25e**	**CY26e**	**CY27e**	**CY25e**	**CY26e**	**CY27e**	**CY25e**	**CY26e**	**CY27e**	**YTD**	**1M**	**6M**
Consumer Staples - A share																									
Midea Group	000333 CH	Dec	89,273	CNY	78.95	95.00	Buy	9.7	8.7	7.8	13.1	12.0	11.1	5.3	5.8	6.3	12%	12%	12%	10%	10%	10%	1%	-2%	-1%
Gree	000651 CH	Dec	32,867	CNY	37.88	48.00	Buy	4.7	4.4	4.2	7.4	7.2	7.0	7.5	7.7	8.0	20%	20%	19%	16%	17%	17%	-6%	-1%	-6%
Haier Smart Home	600690 CH	Dec	28,165	CNY	20.11	22.20	Hold	5.4	4.7	4.1	9.5	8.6	8.3	5.5	6.3	6.9	10%	10%	10%	7%	7%	7%	-23%	-6%	-27%
Kweichow Moutai	600519 CH	Dec	252,782	CNY	1,275.98	1,732.00	Buy	13.0	11.9	11.1	19.7	18.4	17.4	3.9	4.1	4.4	68%	69%	69%	49%	49%	49%	-7%	-9%	-12%
Wuliangye Yibin	000858 CH	Dec	52,577	CNY	81.49	87.00	Hold	8.7	7.9	8.6	16.5	15.3	16.6	5.1	5.1	4.8	42%	43%	44%	34%	34%	34%	-23%	-19%	-31%
Luzhou Lao Jiao	000568 CH	Dec	21,106	CNY	89.02	117.00	Hold	7.9	7.2	7.2	13.0	12.2	11.8	5.7	6.1	6.2	57%	58%	57%	42%	43%	43%	-23%	-11%	-34%
Shanxi Xinghuacun	600809 CH	Dec	25,397	CNY	126.17	200.00	Buy	9.8	9.1	8.0	14.3	13.4	12.4	4.3	4.7	5.2	43%	43%	44%	31%	32%	32%	-27%	-9%	-35%
Jiangsu Yanghe	002304 CH	Dec	10,697	CNY	43.86	50.00	Hold	12.9	11.7	12.6	24.3	21.1	23.4	6.1	5.9	4.6	24%	26%	24%	17%	18%	16%	-28%	-11%	-34%
Tsingtao Brewery - A	600600 CH	Dec	10,951	CNY	59.90	72.70	Buy	8.7	8.1	7.8	17.6	16.8	16.1	3.9	4.1	4.2	22%	22%	22%	15%	15%	15%	-2%	-5%	-6%
Chongqing Brew.	600132 CH	Dec	3,827	CNY	50.01	57.90	Hold	6.6	5.7	5.5	20.5	19.5	18.5	4.8	5.1	5.3	25%	26%	27%	8%	9%	9%	-4%	-11%	-6%
Beijing Yanjing Brew.	000729 CH	Dec	5,354	CNY	12.36	16.70	Buy	9.3	8.0	7.2	18.5	16.3	15.1	2.1	2.4	2.7	19%	20%	21%	12%	13%	14%	10%	-4%	3%
Chongqing Fuling Zhacai	002507 CH	Dec	2,116	CNY	11.39	N.R.	N.R.	10.9	10.4	10.1	17.7	17.1	16.6	3.1	3.2	3.7	37%	37%	35%	32%	32%	32%	-12%	-10%	-13%
Jonjee Hi-Tech	600872 CH	Dec	2,367	CNY	19.20	N.R.	N.R.	15.8	13.9	12.6	23.9	20.8	18.9	2.2	2.5	3.2	20%	20%	21%	14%	15%	15%	9%	-8%	9%
Sichuan Swellfun	600779 CH	Dec	2,351	CNY	34.79	N.R.	N.R.	15.8	13.1	n/a	26.6	23.0	18.5	1.5	1.8	2.4	26%	28%	31%	17%	18%	24%	-10%	9%	-14%
Foshan Hai Tian	603288 CH	Dec	32,482	CNY	35.29	41.10	Hold	20.0	17.9	16.3	28.3	25.6	23.3	2.9	3.2	3.6	31%	32%	33%	25%	26%	26%	-5%	-10%	-5%
Inner Mongolia Yili	600887 CH	Dec	25,593	CNY	26.00	37.30	Buy	10.5	9.8	9.2	14.3	13.1	12.1	5.3	5.6	6.2	15%	15%	16%	10%	10%	11%	-9%	2%	-12%
Yonghui Superstores	601933 CH	Dec	5,030	CNY	3.58	N.R.	N.R.	21.4	15.0	11.7	80.2	34.6	27.5	-	0.2	1.1	4%	5%	5%	1%	2%	2%	-24%	-6%	-12%
Average								**12.2**	**10.7**	**9.8**	**24.0**	**19.1**	**17.8**	**3.6**	**3.9**	**4.1**	**31%**	**32%**	**32%**	**22%**	**23%**	**23%**	**-11%**	**-7%**	**-14%**
Consumer Staples - Offshore																									
Budweiser Brewing Company	1876 HK	Dec	13,584	HKD	7.07	8.30	Hold	6.8	6.3	5.8	21.4	19.4	18.0	5.6	5.7	5.9	27%	28%	28%	11%	12%	12%	-7%	-7%	-12%
China Resources Beer	291 HK	Dec	11,006	HKD	24.00	33.40	Buy	6.8	6.2	5.6	12.6	11.9	11.2	4.8	5.4	5.9	26%	26%	26%	15%	15%	16%	-8%	-6%	-14%
Tingyi	322 HK	Dec	8,972	HKD	11.88	11.00	Hold	6.3	6.0	5.7	13.6	12.7	11.8	7.4	7.7	8.3	13%	13%	13%	5%	6%	6%	1%	-5%	0%
Want Want China	151 HK	Mar	6,588	HKD	4.02	5.20	Hold	5.8	5.3	n/a	10.7	10.2	n/a	4.7	5.2	n/a	25%	26%	n/a	17%	17%	n/a	-13%	-8%	-14%
China Feihe	6186 HK	Dec	3,803	HKD	3.04	N.R.	N.R.	4.0	3.8	3.8	10.6	9.8	10.1	6.9	7.1	7.4	23%	23%	23%	13%	14%	14%	-25%	-13%	-27%
Hengan	1044 HK	Dec	4,072	HKD	234.24	N.R.	N.R.	6.6	6.3	5.8	11.0	10.7	10.3	5.8	5.8	5.8	17%	17%	18%	10%	11%	11%	-13%	-10%	-14%
H & H Intl.	1112 HK	Dec	1,197	HKD	12.02	N.R.	N.R.	7.1	6.0	4.7	10.9	8.6	7.0	2.7	3.1	3.1	13%	14%	15%	5%	5%	6%	-8%	-15%	-18%
Haier Smart Home 'H'	6690 HK	Dec	28,165	HKD	19.28	22.10	Hold	5.6	4.8	4.4	8.5	7.8	7.2	6.4	7.3	8.0	10%	10%	10%	7%	7%	7%	-21%	-11%	-27%
Sun Art Retail	6808 HK	Mar	1,828	HKD	1.48	N.R.	N.R.	1.1	0.6	n/a	24.7	14.0	n/a	9.8	11.5	n/a	7%	7%	n/a	1%	1%	n/a	-14%	3%	-8%
CR Beverage	2460 HK	Dec	2,711	HKD	7.62	7.10	Reduce	6.0	5.1	5.0	16.4	14.1	12.5	4.6	5.1	5.6	18%	20%	20%	9%	10%	11%	-24%	-12%	-27%
Tsingtao Brewery - H	168 HK	Dec	10,951	HKD	49.30	60.00	Buy	8.8	8.3	7.9	13.1	12.4	11.9	5.3	5.6	5.8	21%	22%	22%	14%	15%	15%	1%	-7%	-6%
China Mengniu Dairy	2319 HK	Dec	8,636	HKD	16.59	23.80	Buy	7.0	6.4	5.3	11.9	10.8	9.8	4.1	4.5	5.0	11%	11%	12%	6%	6%	6%	11%	0%	11%
Nongfu Spring	9633 HK	Dec	66,311	HKD	42.48	56.80	Buy	16.7	14.7	13.1	25.6	22.8	20.4	2.7	3.0	3.3	44%	44%	44%	29%	30%	30%	-9%	-9%	-13%
Average								**6.8**	**6.1**	**6.1**	**14.7**	**12.7**	**11.8**	**5.4**	**5.9**	**5.8**	**20%**	**20%**	**21%**	**11%**	**11%**	**12%**	**-10%**	**-8%**	**-13%**

Source: Bloomberg, LSEG Datastream, HSBC for target prices and ratings. N.R. = not rated.

Financials & valuation: Shenzhou

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	30,994	32,793	34,756	36,507
EBITDA	7,309	7,710	8,274	8,642
Depreciation & amortisation	1,489	1,495	1,525	1,553
Operating profit/EBIT	5,820	6,216	6,749	7,090
Net interest	-335	-322	-322	-322
PBT	6,666	7,203	7,918	8,039
HSBC PBT	6,666	7,203	7,918	8,039
Taxation	-841	-894	-983	-998
Net profit	5,825	6,309	6,935	7,042
HSBC net profit	5,754	6,191	6,607	6,714
Cash flow summary (CNYm)				
Cash flow from operations	6,098	5,992	6,974	7,454
Capex	-2,443	-3,000	-3,000	-3,000
Cash flow from investment	875	-1,860	-1,888	-2,107
Dividends	-3,674	-3,842	-4,223	-4,288
Change in net debt	-2,561	-290	-862	-1,059
FCF equity	3,672	2,992	3,974	4,454
Balance sheet summary (CNYm)				
Intangible fixed assets	2,344	2,612	2,877	3,142
Tangible fixed assets	11,666	13,006	14,318	15,602
Current assets	42,164	43,542	45,143	46,811
Cash & others	15,411	15,701	16,563	17,622
Total assets	56,943	59,928	63,107	66,325
Operating liabilities	4,298	4,388	4,428	4,468
Gross debt	14,799	14,799	14,799	14,799
Net debt	-611	-901	-1,764	-2,823
Shareholders' funds	37,492	40,387	43,526	46,704
Invested capital	36,465	39,071	41,347	43,466

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	8.1	5.8	6.0	5.0
EBITDA	-0.7	5.5	7.3	4.5
Operating profit	-0.4	6.8	8.6	5.1
PBT	-7.0	8.1	9.9	1.5
HSBC EPS	-3.8	7.6	6.7	1.6
Ratios (%)				
Revenue/IC (x)	0.8	0.9	0.9	0.9
ROIC	21.1	21.3	21.3	21.1
ROE	15.7	15.9	15.7	14.9
ROA	11.1	11.3	11.7	11.3
EBITDA margin	23.6	23.5	23.8	23.7
Operating profit margin	18.8	19.0	19.4	19.4
EBITDA/net interest (x)	21.8	23.9	25.7	26.8
Net debt/equity	-1.6	-2.2	-4.1	-6.0
Net debt/EBITDA (x)	-0.1	-0.1	-0.2	-0.3
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	3.88	4.20	4.61	4.68
HSBC EPS (diluted)	3.83	4.12	4.40	4.47
DPS	2.58	2.56	2.81	2.85
Book value	24.94	26.87	28.95	31.07

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Sales volume YoY	16.9	5.8	6.0	5.0
ASP YoY	0.0	0.0	0.0	0.0
Production Capacity YoY	16.9	5.8	6.0	5.0
Implied unit GP YoY	-13.3	1.0	1.5	0.0
GPM	26.3	26.6	27.0	27.0
OPM	18.8	19.0	19.4	19.4

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.9	1.8	1.7	1.5
EV/EBITDA	8.0	7.6	7.0	6.5
EV/IC	1.6	1.5	1.4	1.3
PE*	10.5	9.7	9.1	9.0
PB	1.6	1.5	1.4	1.3
FCF yield (%)	6.1	5.0	6.6	7.4
Dividend yield (%)	6.4	6.4	7.0	7.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	212.0
Energy intensity*	1,053.4
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	28.1
Employee turnover (%)	2.9
Diversity policy	Yes

Governance Indicators	12/2021a
No. of board members	9
Average board tenure (years)	9.2
Female board members (%)	22.2
Board members independence (%)	44.4

Source: Company data, HSBC

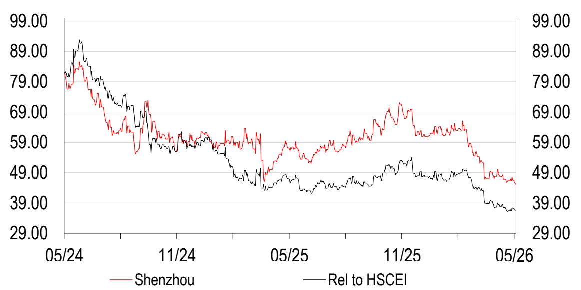
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	46.24
Target price (HKD)	58.40
RIC (Equity)	2313.HK
Bloomberg (Equity)	2313 HK
Market cap (USDm)	8,871

Free float	50%
Sector	Textiles, Apparel & Luxury Goods
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Anta Sports

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	80,219	87,433	94,330	102,357
EBITDA	25,426	27,816	30,996	34,486
Depreciation & amortisation	-6,335	-7,372	-8,457	-9,878
Operating profit/EBIT	19,091	20,444	22,539	24,607
Net interest	1,151	795	370	342
PBT	21,446	22,622	24,429	26,622
HSBC PBT	21,446	22,622	24,429	26,622
Taxation	-5,784	-6,236	-6,706	-7,274
Net profit	13,588	14,151	15,201	16,297
HSBC net profit	13,588	14,151	15,201	16,297
Cash flow summary (CNYm)				
Cash flow from operations	20,996	11,207	25,485	27,536
Capex	-2,505	-2,630	-2,630	-2,630
Cash flow from investment	-5,055	-4,437	-2,695	-2,698
Dividends	-6,585	-4,529	-6,619	-7,084
Change in net debt	-4,082	-138	-9,862	-10,867
FCF equity	18,491	8,577	22,855	24,906
Balance sheet summary (CNYm)				
Intangible fixed assets	4,253	2,009	1,985	1,955
Tangible fixed assets	24,094	24,754	24,863	24,135
Current assets	59,547	72,432	83,706	97,028
Cash & others	37,115	37,256	47,118	57,985
Total assets	124,295	135,597	146,954	159,518
Operating liabilities	26,604	26,047	26,301	26,601
Gross debt	23,302	23,305	23,305	23,305
Net debt	-13,813	-13,951	-23,813	-34,680
Shareholders' funds	65,782	75,404	83,986	93,199
Invested capital	24,175	35,893	37,135	38,531

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	13.3	9.0	7.9	8.5
EBITDA	15.2	9.4	11.4	11.3
Operating profit	15.0	7.1	10.2	9.2
PBT	-2.0	5.5	8.0	9.0
HSBC EPS	-12.8	4.1	7.4	7.2
Ratios (%)				
Revenue/IC (x)	3.6	2.9	2.6	2.7
ROIC	63.9	49.8	45.2	47.7
ROE	21.3	20.0	19.1	18.4
ROA	13.8	13.1	13.0	13.0
EBITDA margin	31.7	31.8	32.9	33.7
Operating profit margin	23.8	23.4	23.9	24.0
EBITDA/net interest (x)				
Net debt/equity	-19.1	-16.6	-25.0	-32.2
Net debt/EBITDA (x)	-0.5	-0.5	-0.8	-1.0
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	4.68	4.87	5.23	5.61
HSBC EPS (diluted)	4.68	4.87	5.23	5.61
DPS	2.23	2.30	2.46	2.63
Book value	23.52	26.96	30.03	33.33

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Yoy % in average POS	1.0	-0.7	-0.9	-0.7
Yoy % in ANTA store productivity	1.5	2.3	3.7	3.7
Fila revenue growth	6.9	6.0	6.0	6.0
Fila stores as % of total number of stores	16.4	16.5	16.4	16.4
GPM	62.0	62.5	62.9	63.2
OPM	23.8	23.4	23.9	24.0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.1	1.9	1.7	1.4
EV/EBITDA	6.5	6.0	5.0	4.2
EV/IC	6.9	4.6	4.2	3.8
PE*	13.8	13.2	12.3	11.5
PB	2.7	2.4	2.1	1.9
FCF yield (%)	10.3	4.8	12.7	13.8
Dividend yield (%)	3.5	3.6	3.8	4.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	24.2
Energy intensity*	46.5
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	15.4
Employee turnover (%)	28.9
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	10
Average board tenure (years)	11.4
Female board members (%)	20
Board members independence (%)	40

Source: Company data, HSBC

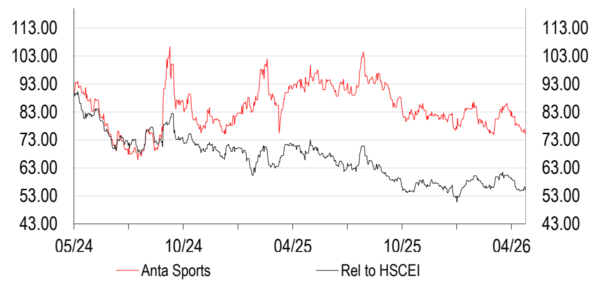
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	74.50
Target price (HKD)	96.30
RIC (Equity)	2020.HK
Bloomberg (Equity)	2020 HK
Market cap (USDm)	26,596

Free float	45%
Sector	Textiles, Apparel & Luxury Goods
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Guming

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	12,914	16,214	19,903	23,563
EBITDA	3,811	3,765	4,701	5,572
Depreciation & amortisation	-165	-179	-192	-206
Operating profit/EBIT	3,276	3,798	4,739	5,613
Net interest	-74	-74	-74	-74
PBT	3,759	3,724	4,665	5,539
HSBC PBT	3,759	3,724	4,665	5,539
Taxation	-643	-670	-840	-997
Net profit	3,109	3,048	3,819	4,536
HSBC net profit	2,575	3,054	3,825	4,542
Cash flow summary (CNYm)				
Cash flow from operations	2,409	2,799	3,549	4,262
Capex	-248	-200	-200	-200
Cash flow from investment	-355	1,050	38	55
Dividends	-1,046	-1,377	-1,763	-2,121
Change in net debt	-8,808	-1,572	-1,750	-2,121
FCF equity	2,160	2,599	3,349	4,062
Balance sheet summary (CNYm)				
Intangible fixed assets	1	0	0	0
Tangible fixed assets	2,088	2,159	2,217	2,262
Current assets	14,562	16,652	18,936	21,598
Cash & others	10,802	12,375	14,125	16,246
Total assets	16,650	18,812	21,153	23,860
Operating liabilities	61	61	61	61
Gross debt	139	139	139	139
Net debt	-10,663	-12,235	-13,985	-16,107
Shareholders' funds	5,824	7,494	9,551	11,965
Invested capital	5,786	6,375	6,967	7,552

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	46.9	25.6	22.8	18.4
EBITDA	102.4	-1.2	24.9	18.5
Operating profit	78.7	16.0	24.8	18.4
PBT	108.3	-0.9	25.3	18.7
HSBC EPS	50.5	15.7	25.3	18.7
Ratios (%)				
Revenue/IC (x)	2.4	2.7	3.0	3.2
ROIC	57.7	49.1	56.1	61.2
ROE	65.3	45.9	44.9	42.2
ROA	26.5	17.2	19.1	20.2
EBITDA margin	29.5	23.2	23.6	23.6
Operating profit margin	25.4	23.4	23.8	23.8
EBITDA/net interest (x)	51.4	50.8	63.4	75.2
Net debt/equity	-182.5	-162.7	-146.0	-134.2
Net debt/EBITDA (x)	-2.8	-3.3	-3.0	-2.9
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.34	1.28	1.61	1.91
HSBC EPS (diluted)	1.11	1.28	1.61	1.91
DPS	0.45	0.58	0.74	0.89
Book value	2.51	3.15	4.02	5.03

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
GMV YoY (%)	46	31	24	19
Average POS YoY (%)	21	33	21	17
Average GMV per POS YoY (%)	21	-2	2	2
GPM (%)	33	32	32	32

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.8	2.1	1.7	1.3
EV/EBITDA	9.5	9.2	7.0	5.5
EV/IC	6.3	5.4	4.7	4.1
PE*	17.7	15.3	12.2	10.3
PB	7.8	6.3	4.9	3.9
FCF yield (%)	4.6	5.5	7.1	8.7
Dividend yield (%)	2.3	2.9	3.8	4.5

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	82.6
Energy intensity*	53.1
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	n/a
Employee turnover (%)	43.5
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	2.7
Female board members (%)	22.2
Board members independence (%)	33.3

Source: Company data, HSBC

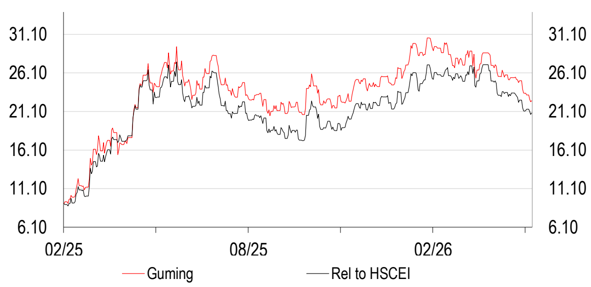
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	22.76
Target price (HKD)	29.10
RIC (Equity)	1364.HK
Bloomberg (Equity)	1364 HK
Market cap (USDm)	6,909

Free float	8%
Sector	Beverages
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: CR Beverage

Reduce

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	11,002	10,987	11,305	11,681
EBITDA	1,655	1,712	1,993	2,163
Depreciation & amortisation	-823	-982	-1,125	-1,213
Operating profit/EBIT	1,237	1,065	1,196	1,275
Net interest	-2	-2	-2	-2
PBT	1,216	1,064	1,195	1,273
HSBC PBT	1,216	1,064	1,195	1,273
Taxation	-208	-191	-215	-229
Net profit	985	862	969	1,033
HSBC net profit	985	862	969	1,033
Cash flow summary (CNYm)				
Cash flow from operations	933	1,675	2,104	1,959
Capex	-2,800	-2,500	-1,500	-1,000
Cash flow from investment	-2,525	-2,295	-1,302	-806
Dividends	-2,368	-778	-875	-620
Change in net debt	4,524	201	96	-511
FCF equity	-1,867	-825	604	959
Balance sheet summary (CNYm)				
Intangible fixed assets	0	0	0	0
Tangible fixed assets	7,718	9,256	9,651	9,459
Current assets	7,670	6,323	6,126	6,857
Cash & others	1,174	973	877	1,388
Total assets	15,389	15,579	15,777	16,315
Operating liabilities	3,909	4,005	4,098	4,213
Gross debt	14	14	14	14
Net debt	-1,160	-959	-863	-1,375
Shareholders' funds	10,729	10,813	10,907	11,320
Invested capital	10,306	10,601	10,801	10,714

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-18.6	-0.1	2.9	3.3
EBITDA	-35.5	3.4	16.4	8.5
Operating profit	-45.7	-13.9	12.3	6.6
PBT	-45.3	-12.5	12.3	6.6
HSBC EPS	-48.0	-12.6	12.5	6.6
Ratios (%)				
Revenue/IC (x)	1.3	1.1	1.1	1.1
ROIC	8.3	5.7	6.7	7.2
ROE	8.9	8.0	8.9	9.3
ROA	5.9	5.6	6.3	6.5
EBITDA margin	15.0	15.6	17.6	18.5
Operating profit margin	11.2	9.7	10.6	10.9
EBITDA/net interest (x)	890.7	921.4	1072.8	1163.9
Net debt/equity	-10.3	-8.4	-7.5	-11.5
Net debt/EBITDA (x)	-0.7	-0.6	-0.4	-0.6
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	0.41	0.36	0.40	0.43
HSBC EPS (diluted)	0.41	0.36	0.40	0.43
DPS	0.37	0.32	0.36	0.26
Book value	4.47	4.51	4.55	4.72

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Total sales volume YoY(%)	-18	0	0	0
Packaged drinking water sales volume YoY(%)	0	0	0	0
Beverage sales volume YoY(%)	0	0	0	0
Overall ASP YoY(%)	-1	0	0	0
Packaged drinking water ASP YoY(%)	0	0	0	0
Beverage ASP YoY(%)	0	0	0	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.3	1.4	1.3	1.2
EV/EBITDA	8.9	8.7	7.5	6.7
EV/IC	1.4	1.4	1.4	1.3
PE*	16.1	18.4	16.3	15.3
PB	1.5	1.5	1.5	1.4
FCF yield (%)	-11.8	-5.2	3.8	6.1
Dividend yield (%)	5.6	4.9	5.5	3.9

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	91.7
Energy intensity*	183.7
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	15.8
Employee turnover (%)	17.6
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	12
Average board tenure (years)	1.7
Female board members (%)	8.3
Board members independence (%)	33.3

Source: Company data, HSBC

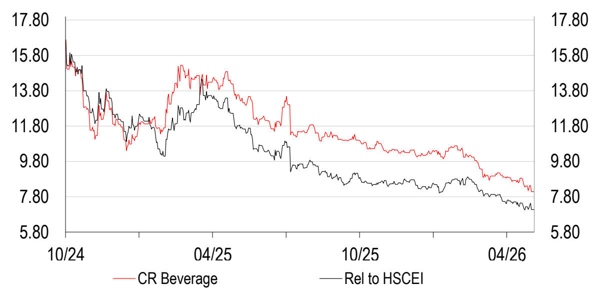
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	7.62
Target price (HKD)	7.10
RIC (Equity)	2460.HK
Bloomberg (Equity)	2460 HK
Market cap (USDm)	2,333

Free float	14%
Sector	Beverages
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: CTG Duty Free A

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	53,694	53,542	57,983	61,049
EBITDA	6,553	7,198	7,423	7,873
Depreciation & amortisation	-1,209	-1,092	-1,016	-967
Operating profit/EBIT	5,345	6,106	6,407	6,906
Net interest	777	539	451	442
PBT	5,307	6,153	7,135	7,623
HSBC PBT	5,307	6,153	7,135	7,623
Taxation	-1,618	-1,299	-1,506	-1,609
Net profit	3,586	4,767	5,528	5,907
HSBC net profit	3,586	4,767	5,528	5,907
Cash flow summary (CNYm)				
Cash flow from operations	5,716	10,772	5,670	6,549
Capex	-1,273	-483	-383	-383
Cash flow from investment	-3,480	-441	-383	-383
Dividends	-1,452	-2,036	-2,125	-2,276
Change in net debt	426	-9,050	-3,966	-4,694
FCF equity	4,443	10,290	5,287	6,166
Balance sheet summary (CNYm)				
Intangible fixed assets	695	731	758	775
Tangible fixed assets	12,065	11,935	11,266	10,646
Current assets	56,558	60,305	64,558	68,907
Cash & others	33,781	42,831	46,797	51,490
Total assets	74,362	77,970	81,535	85,234
Operating liabilities	4,552	4,483	4,740	4,897
Gross debt	6,423	6,423	6,423	6,423
Net debt	-27,358	-36,408	-40,374	-45,067
Shareholders' funds	55,396	58,985	62,192	65,627
Invested capital	30,984	25,658	25,046	23,940

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-4.9	-0.3	8.3	5.3
EBITDA	-8.9	9.8	3.1	6.1
Operating profit	-7.0	14.2	4.9	7.8
PBT	-13.7	15.9	16.0	6.8
HSBC EPS	-16.0	32.9	16.0	6.9
Ratios (%)				
Revenue/IC (x)	1.8	1.9	2.3	2.5
ROIC	12.4	17.0	19.9	22.2
ROE	6.5	8.3	9.1	9.2
ROA	4.9	6.4	7.1	7.2
EBITDA margin	12.2	13.4	12.8	12.9
Operating profit margin	10.0	11.4	11.1	11.3
EBITDA/net interest (x)				
Net debt/equity	-44.8	-56.3	-59.4	-63.0
Net debt/EBITDA (x)	-4.2	-5.1	-5.4	-5.7
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.73	2.30	2.67	2.86
HSBC EPS (diluted)	1.73	2.30	2.67	2.86
DPS	0.70	0.98	1.03	1.10
Book value	26.78	28.51	30.06	31.72

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
GPM %	32	33	33	33
SG&A cost ratio %	-6	0	0	0
Minority payout ratio %	3	2	2	2
One year RMB: USD FX change %	0	0	0	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.5	1.3	1.2	1.0
EV/EBITDA	12.3	10.0	9.1	8.0
EV/IC	2.6	2.8	2.7	2.6
PE*	31.6	23.8	20.5	19.2
PB	2.0	1.9	1.8	1.7
FCF yield (%)	3.9	9.1	4.7	5.5
Dividend yield (%)	1.3	1.8	1.9	2.0

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	3.7
Energy intensity*	12.2
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	6.4
Employee turnover (%)	17.2
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	8
Average board tenure (years)	4.5
Female board members (%)	25
Board members independence (%)	37.5

Source: Company data, HSBC

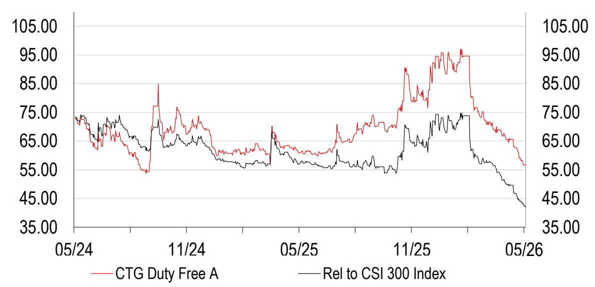
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (CNY)	54.76
Target price (CNY)	67.20
RIC (Equity)	601888.SS
Bloomberg (Equity)	601888 CH
Market cap (USDm)	16,603

Free float	40%
Sector	Multiline Retail
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: CTG Duty Free H

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	53,694	53,542	57,983	61,049
EBITDA	6,896	7,994	8,226	8,676
Depreciation & amortisation	-1,248	-1,139	-1,071	-1,033
Operating profit/EBIT	5,648	6,854	7,155	7,643
Net interest	-178	-178	-178	-178
PBT	5,379	6,585	6,886	7,374
HSBC PBT	5,379	6,585	6,886	7,374
Taxation	-1,629	-1,390	-1,453	-1,556
Net profit	3,644	5,108	5,332	5,711
HSBC net profit	3,644	5,108	5,332	5,711
Cash flow summary (CNYm)				
Cash flow from operations	6,059	11,568	6,474	7,352
Capex	-1,273	-483	-383	-383
Cash flow from investment	-3,480	-441	-383	-383
Dividends	-1,452	-2,036	-2,125	-2,276
Change in net debt	426	-9,050	-3,966	-4,694
FCF equity	4,785	11,085	6,091	6,970
Balance sheet summary (CNYm)				
Intangible fixed assets	695	731	758	775
Tangible fixed assets	12,065	11,935	11,266	10,646
Current assets	56,558	60,305	64,558	68,907
Cash & others	33,781	42,831	46,797	51,490
Total assets	74,362	77,970	81,535	85,234
Operating liabilities	4,552	4,483	4,740	4,897
Gross debt	6,423	6,423	6,423	6,423
Net debt	-27,358	-36,408	-40,374	-45,067
Shareholders' funds	55,396	58,985	62,192	65,627
Invested capital	30,984	25,658	25,046	23,940

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-4.9	-0.3	8.3	5.3
EBITDA	-12.8	15.9	2.9	5.5
Operating profit	-12.2	21.4	4.4	6.8
PBT	-13.6	22.4	4.6	7.1
HSBC EPS	-15.7	40.2	4.4	7.1
Ratios (%)				
Revenue/IC (x)	1.8	1.9	2.3	2.5
ROIC	13.3	19.2	22.4	24.8
ROE	6.6	8.9	8.8	8.9
ROA	5.0	6.8	6.8	7.0
EBITDA margin	12.8	14.9	14.2	14.2
Operating profit margin	10.5	12.8	12.3	12.5
EBITDA/net interest (x)	38.7	44.8	46.1	48.6
Net debt/equity	-44.8	-56.3	-59.4	-63.0
Net debt/EBITDA (x)	-4.0	-4.6	-4.9	-5.2
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.76	2.47	2.58	2.76
HSBC EPS (diluted)	1.76	2.47	2.58	2.76
DPS	0.70	0.98	1.03	1.10
Book value	26.78	28.51	30.06	31.72

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
GPM %	32	33	33	33
SG&A cost ratio %	-6	0	0	0
Minority payout ratio %	3	2	2	2
One year RMB: USD FX change %	0	0	0	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.5	1.3	1.2	1.0
EV/EBITDA	11.7	9.0	8.3	7.3
EV/IC	2.6	2.8	2.7	2.6
PE*	25.6	18.3	17.5	16.3
PB	1.7	1.6	1.5	1.4
FCF yield (%)	4.3	9.8	5.4	6.2
Dividend yield (%)	1.6	2.2	2.3	2.4

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	3.7
Energy intensity*	12.2
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	3.4
Employee turnover (%)	17.2
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	8
Average board tenure (years)	4.5
Female board members (%)	25
Board members independence (%)	37.5

Source: Company data, HSBC

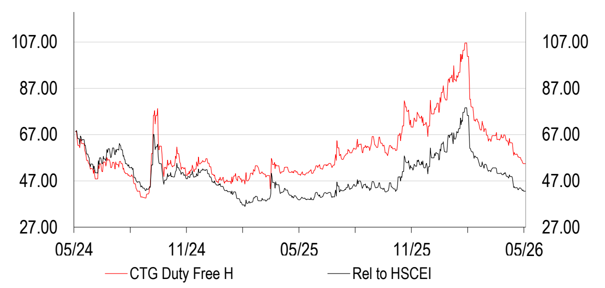
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	52.10
Target price (HKD)	64.60
RIC (Equity)	1880.HK
Bloomberg (Equity)	1880 HK
Market cap (USDm)	16,603

Free float	40%
Sector	Multiline Retail
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Chow Tai Fook Jewellery

Buy

Financial statements

Year to	03/2025a	03/2026e	03/2027e	03/2028e
Profit & loss summary (HKDm)				
Revenue	89,656	93,722	98,175	102,022
EBITDA	22,147	25,588	22,274	22,635
Depreciation & amortisation	-1,221	-996	-1,013	-1,013
Operating profit/EBIT	14,746	18,744	17,671	18,364
Net interest	-479	-554	-536	-524
PBT	7,917	12,269	13,474	14,510
HSBC PBT	7,917	12,269	13,474	14,510
Taxation	-1,928	-2,945	-3,234	-3,482
Net profit	5,916	9,254	10,170	10,957
HSBC net profit	12,244	15,177	13,833	14,289
Cash flow summary (HKDm)				
Cash flow from operations	10,205	7,305	11,832	12,459
Capex	-578	-564	-564	-564
Cash flow from investment	-402	-477	-453	-440
Dividends	-5,114	-6,530	-8,255	-8,979
Change in net debt	-8,819	-6,541	-2,476	-2,392
FCF equity	9,644	6,741	11,268	11,895
Balance sheet summary (HKDm)				
Intangible fixed assets	5,604	6,137	5,752	6,046
Tangible fixed assets	3,618	3,227	2,835	2,444
Current assets	67,274	85,906	90,593	95,167
Cash & others	7,582	22,239	24,716	27,108
Total assets	76,524	95,300	99,212	103,692
Operating liabilities	29,147	28,706	30,052	31,160
Gross debt	19,692	27,807	27,807	27,807
Net debt	12,109	5,568	3,092	699
Shareholders' funds	26,425	30,382	32,878	36,178
Invested capital	39,766	44,325	44,412	45,389

Ratio, growth and per share analysis

Year to	03/2025a	03/2026e	03/2027e	03/2028e
Y-o-y % change				
Revenue	-17.5	4.5	4.8	3.9
EBITDA	19.0	15.5	-13.0	1.6
Operating profit	9.8	27.1	-5.7	3.9
PBT	-9.3	55.0	9.8	7.7
HSBC EPS	-8.9	56.4	9.9	7.7
Ratios (%)				
Revenue/IC (x)	2.0	2.2	2.2	2.3
ROIC	36.1	44.5	36.4	36.6
ROE	22.7	32.6	32.2	31.7
ROA	7.8	11.4	11.0	11.4
EBITDA margin	24.7	27.3	22.7	22.2
Operating profit margin	16.4	20.0	18.0	18.0
EBITDA/net interest (x)	46.2	46.2	41.6	43.2
Net debt/equity	44.2	17.7	9.1	1.9
Net debt/EBITDA (x)	0.5	0.2	0.1	0.0
CF from operations/net debt	84.3	131.2	382.7	1781.5
Per share data (HKD)				
EPS Rep (diluted)	0.59	0.93	1.02	1.10
HSBC EPS (diluted)	0.59	0.93	1.02	1.10
DPS	0.52	0.79	0.87	0.93
Book value	2.65	3.04	3.29	3.62

Key forecast drivers

Year to	03/2025a	03/2026e	03/2027e	03/2028e
Growth in the avg no. of Jewellery POS - PRC	-11.5	-14.8	-12.6	0.1
Growth in the avg no. of POS - HK & Macau	1.1	8.0	1.1	1.0
Revenue Growth in China	-16.9	1.4	2.8	2.3
Jewellery SSSG in HK & Macau (%)	-26.1	16.9	9.5	7.7
GPM (%)	29.5	32.8	30.3	29.8
EBIT margin (%)	12.4	0.0	0.0	0.0

Valuation data

Year to	03/2025a	03/2026e	03/2027e	03/2028e
EV/sales	1.3	1.2	1.1	1.1
EV/EBITDA	5.4	4.4	5.0	4.8
EV/IC	3.0	2.6	2.5	2.4
PE*	18.3	11.7	10.7	9.9
PB	4.1	3.6	3.3	3.0
FCF yield (%)	9.0	6.3	10.5	11.1
Dividend yield (%)	4.8	7.3	8.0	8.6

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	03/2025a
GHG emission intensity*	5.7
Energy intensity*	10.5
CO_2 reduction policy	Yes
Social Indicators	**03/2025a**
Employee costs as % of revenues	5.9
Employee turnover (%)	23
Diversity policy	Yes

Governance Indicators	03/2026a
No. of board members	15
Average board tenure (years)	10.5
Female board members (%)	26.7
Board members independence (%)	53.3

Source: Company data, HSBC

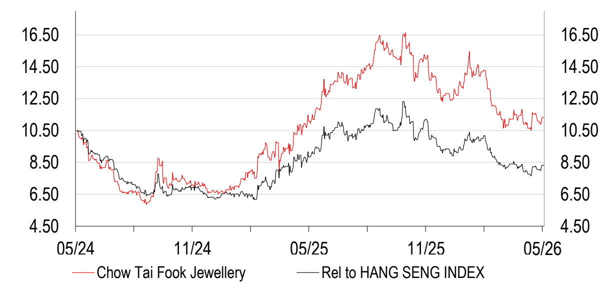
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	10.86
Target price (HKD)	13.50
RIC (Equity)	1929.HK
Bloomberg (Equity)	1929 HK
Market cap (USDm)	13,676

Free float	100%
Sector	Specialty Retail
Country/Region	Hong Kong
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Giant Biogene

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	5,519	6,057	6,976	7,880
EBITDA	2,202	2,198	2,433	2,660
Depreciation & amortisation	-82	-95	-105	-110
Operating profit/EBIT	2,120	2,103	2,328	2,550
Net interest	167	183	180	177
PBT	2,350	2,368	2,590	2,809
HSBC PBT	2,350	2,368	2,590	2,809
Taxation	-436	-439	-480	-521
Net profit	1,915	1,929	2,110	2,289
HSBC net profit	1,960	1,951	2,102	2,281
Cash flow summary (CNYm)				
Cash flow from operations	3,901	3,980	4,290	4,727
Capex	-422	-401	-301	-301
Cash flow from investment	-374	-218	-120	-123
Dividends	-1,290	-1,294	-1,416	-1,537
Change in net debt	-2,432	-365	-424	-518
FCF equity	3,479	3,579	3,989	4,427
Balance sheet summary (CNYm)				
Intangible fixed assets	5	4	3	2
Tangible fixed assets	1,576	1,892	2,099	2,300
Current assets	9,019	9,366	9,897	10,491
Cash & others	8,290	8,655	9,080	9,597
Total assets	10,600	11,263	11,999	12,794
Operating liabilities	820	856	907	957
Gross debt	0	0	0	0
Net debt	-8,290	-8,655	-9,080	-9,597
Shareholders' funds	9,911	10,538	11,224	11,969
Invested capital	1,489	1,751	2,012	2,239

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-0.4	9.8	15.2	13.0
EBITDA	-5.5	-0.2	10.7	9.3
Operating profit	-7.1	-0.8	10.7	9.5
PBT	-4.4	0.7	9.4	8.5
HSBC EPS	-13.9	-0.5	7.8	8.5
Ratios (%)				
Revenue/IC (x)	3.9	3.7	3.7	3.7
ROIC	123.5	105.8	100.9	97.8
ROE	23.0	19.1	19.3	19.7
ROA	20.6	17.6	18.1	18.5
EBITDA margin	39.9	36.3	34.9	33.8
Operating profit margin	38.4	34.7	33.4	32.4
EBITDA/net interest (x)				
Net debt/equity	-83.5	-82.0	-80.8	-80.1
Net debt/EBITDA (x)	-3.8	-3.9	-3.7	-3.6
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.81	1.82	1.99	2.16
HSBC EPS (diluted)	1.85	1.84	1.98	2.15
DPS	1.23	1.24	1.35	1.47
Book value	9.47	10.07	10.72	11.43

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Revenue growth of Comfy	-1.6	8.8	8.8	8.9
Revenue growth of online channel	-1.4	12.9	19.8	15.5
GPM %	80.3	79.6	79.2	78.8
Selling cost ratio %	41.9	44.9	45.8	46.4

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	3.0	2.7	2.3	1.9
EV/EBITDA	7.5	7.4	6.5	5.7
EV/IC	11.1	9.2	7.8	6.8
PE*	12.6	12.7	11.8	10.9
PB	2.5	2.3	2.2	2.0
FCF yield (%)	14.0	14.4	16.1	17.8
Dividend yield (%)	5.3	5.3	5.8	6.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	25.8
Energy intensity*	58.5
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	6.4
Employee turnover (%)	32.3
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	8
Average board tenure (years)	6.4
Female board members (%)	62.5
Board members independence (%)	37.5

Source: Company data, HSBC

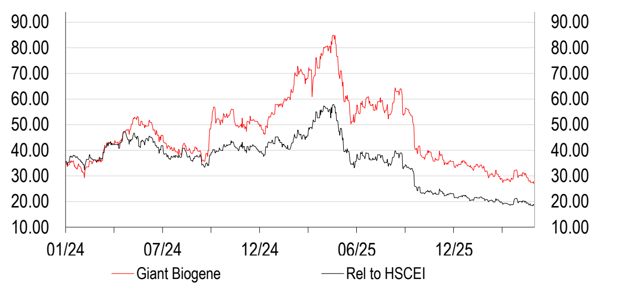
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	27.02
Target price (HKD)	33.40
RIC (Equity)	2367.HK
Bloomberg (Equity)	2367 HK
Market cap (USDm)	3,662

Free float	40%
Sector	Personal Products
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Haier Smart Home A

Hold

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	302,347	299,687	312,276	325,484
EBITDA	30,505	32,328	34,834	37,121
Depreciation & amortisation	8,963	9,317	9,578	9,962
Operating profit/EBIT	21,542	23,011	25,256	27,158
Net interest	-950	534	701	987
PBT	23,479	23,674	27,020	29,165
HSBC PBT	23,479	23,674	27,020	29,165
Taxation	-3,316	-3,782	-4,317	-4,660
Net profit	19,553	19,271	21,995	23,740
HSBC net profit	18,604	18,581	21,304	23,050
Cash flow summary (CNYm)				
Cash flow from operations	26,003	43,859	31,738	33,979
Capex	-8,852	-9,000	-9,000	-9,000
Cash flow from investment	-17,075	-9,000	-9,000	-9,000
Dividends	-10,755	-11,178	-13,418	-15,195
Change in net debt	4,513	-18,887	-9,320	-9,784
FCF equity	17,151	34,859	22,738	24,979
Balance sheet summary (CNYm)				
Intangible fixed assets	27,300	27,300	27,300	27,300
Tangible fixed assets	64,810	50,364	51,567	52,384
Current assets	152,833	173,245	185,927	199,344
Cash & others	49,737	68,623	77,943	87,727
Total assets	295,795	303,220	317,678	332,484
Operating liabilities	132,552	132,661	135,791	139,245
Gross debt	37,266	37,266	37,266	37,266
Net debt	-12,471	-31,358	-40,678	-50,462
Shareholders' funds	118,698	125,394	136,013	146,601
Invested capital	72,823	75,858	77,309	78,323

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	5.723	-0.880	4.201	4.229
EBITDA	2.148	5.977	7.749	6.566
Operating profit	-1.101	6.820	9.755	7.533
PBT	3.281	0.832	14.133	7.937
HSBC EPS		2.067	15.818	8.195
Ratios (%)				
Revenue/IC (x)	4.2	4.0	4.1	4.2
ROIC	46.7	47.1	48.7	50.8
ROE	16.2	15.2	16.3	16.3
ROA	7.7	7.0	7.6	7.8
EBITDA margin	10.1	10.8	11.2	11.4
Operating profit margin	7.1	7.7	8.1	8.3
EBITDA/net interest (x)	32.1			
Net debt/equity	-9.9	-23.5	-28.1	-32.4
Net debt/EBITDA (x)	-0.4	-1.0	-1.2	-1.4
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	2.10	2.12	2.44	2.64
HSBC EPS (diluted)	2.00	2.04	2.37	2.56
DPS	1.17	1.24	1.50	1.70
Book value	13.03	14.05	15.24	16.43

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Domestic Revenue Growth	3.1	-0.8	2.7	2.7
Overseas Revenue Growth	8.3	-1.0	5.6	5.6
EBIT margin %	7.1	7.7	8.1	8.3

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.4	0.4	0.3	0.3
EV/EBITDA	4.0	3.3	2.9	2.5
EV/IC	1.7	1.4	1.3	1.2
PE*	10.0	9.8	8.5	7.9
PB	1.5	1.4	1.3	1.2
FCF yield (%)	9.9	20.1	13.1	14.4
Dividend yield (%)	5.8	6.2	7.5	8.5

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	38.5
Energy intensity*	61.7
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	n/a
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	11
Average board tenure (years)	3.2
Female board members (%)	9.1
Board members independence (%)	36.4

Source: Company data, HSBC

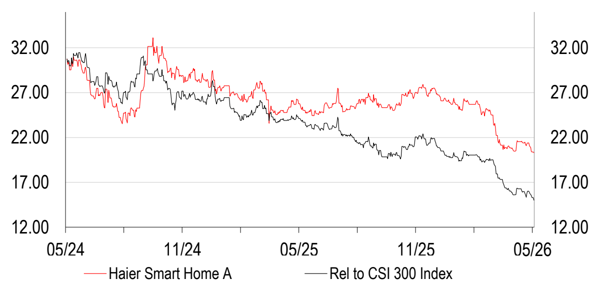
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (CNY)	20.11
Target price (CNY)	22.20
RIC (Equity)	600690.SS
Bloomberg (Equity)	600690 CH
Market cap (USDm)	25,570

Free float	100%
Sector	Household Durables
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Haier Smart Home H

Hold

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	302,329	299,677	312,266	325,473
EBITDA	28,282	30,230	32,892	35,192
Depreciation & amortisation	8,750	9,154	9,629	10,090
Operating profit/EBIT	19,532	21,076	23,263	25,102
Net interest	-2,587	-1,730	-1,730	-1,619
PBT	23,479	23,674	27,020	29,165
HSBC PBT	23,479	23,674	27,020	29,165
Taxation	-3,316	-3,782	-4,317	-4,660
Net profit	19,553	19,271	21,995	23,740
HSBC net profit	19,553	19,271	21,995	23,740
Cash flow summary (CNYm)				
Cash flow from operations	26,003	27,616	32,099	34,414
Capex	-8,733	-10,262	-7,191	-7,191
Cash flow from investment	-17,075	-10,262	-7,191	-7,191
Dividends	-10,650	-11,178	-13,418	-15,195
Change in net debt	11,652	-8,024	-11,491	-12,029
FCF equity	17,270	17,354	24,909	27,224
Balance sheet summary (CNYm)				
Intangible fixed assets	60,005	55,837	54,450	53,063
Tangible fixed assets	55,509	44,464	45,616	46,306
Current assets	152,833	157,094	171,947	187,610
Cash & others	46,268	48,990	60,482	72,510
Total assets	295,795	284,843	299,461	314,428
Operating liabilities	120,689	107,561	110,691	114,145
Gross debt	42,564	37,262	37,262	37,262
Net debt	-3,704	-11,728	-23,219	-35,248
Shareholders' funds	118,698	125,554	136,334	147,083
Invested capital	101,390	100,843	100,840	100,325

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	5.7	-0.9	4.2	4.2
EBITDA	1.7	6.9	8.8	7.0
Operating profit	-1.0	7.9	10.4	7.9
PBT	3.3	0.8	14.1	7.9
HSBC EPS	4.4	0.7	15.3	7.9
Ratios (%)				
Revenue/IC (x)	3.3	3.0	3.1	3.2
ROIC	34.3	32.7	35.4	37.8
ROE	17.0	15.8	16.8	16.8
ROA	7.6	7.4	8.3	8.4
EBITDA margin	9.4	10.1	10.5	10.8
Operating profit margin	6.5	7.0	7.4	7.7
EBITDA/net interest (x)	10.9	17.5	19.0	21.7
Net debt/equity	-2.9	-8.8	-16.0	-22.5
Net debt/EBITDA (x)	-0.1	-0.4	-0.7	-1.0
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	2.10	2.12	2.44	2.64
HSBC EPS (diluted)	2.10	2.12	2.44	2.64
DPS	1.16	1.24	1.50	1.70
Book value	12.88	13.93	15.28	16.48

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Domestic Revenue Growth	3.1	-0.8	2.7	2.7
Overseas Revenue Growth	8.1	-1.0	5.6	5.6
EBIT margin %	6.5	7.0	7.4	7.7

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.5	0.4	0.4	0.3
EV/EBITDA	5.0	4.4	3.7	3.1
EV/IC	1.4	1.3	1.2	1.1
PE*	7.9	7.9	6.8	6.3
PB	1.3	1.2	1.1	1.0
FCF yield (%)	10.0	10.0	14.4	15.7
Dividend yield (%)	6.9	7.4	9.0	10.2

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	38.5
Energy intensity*	61.7
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	n/a
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	11
Average board tenure (years)	3.2
Female board members (%)	9.1
Board members independence (%)	36.4

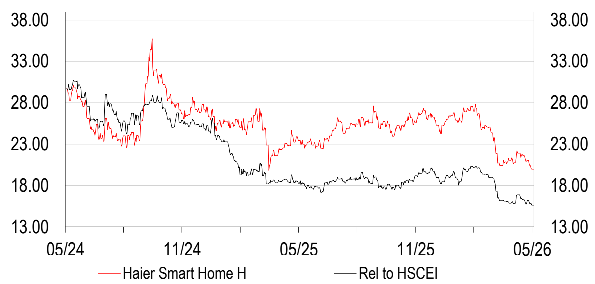
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	19.28	Free float	100%
Target price (HKD)	22.10	Sector	Household Durables
RIC (Equity)	6690.HK	Country/Region	China
Bloomberg (Equity)	6690 HK	Analyst	Lina Yan, CFA
Market cap (USDm)	25,570	Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Laopu Gold

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	27,303	41,351	44,383	46,508
EBITDA	6,666	11,868	12,725	13,363
Depreciation & amortisation	-339	-430	-471	-511
Operating profit/EBIT	6,523	11,685	12,542	13,184
Net interest	-139	-177	-178	-179
PBT	6,384	11,508	12,365	13,005
HSBC PBT	6,384	11,508	12,365	13,005
Taxation	-1,516	-2,733	-2,936	-3,089
Net profit	4,868	8,775	9,428	9,917
HSBC net profit	5,029	8,775	9,428	9,917
Cash flow summary (CNYm)				
Cash flow from operations	-5,119	9,355	10,008	10,138
Capex	-178	-130	-130	-130
Cash flow from investment	-178	-130	-130	-130
Dividends	-3,699	-6,850	-7,360	-7,741
Change in net debt	3,455	-4,196	-2,032	-1,745
FCF equity	-5,297	9,225	9,878	10,008
Balance sheet summary (CNYm)				
Intangible fixed assets	13	-3	-20	-36
Tangible fixed assets	690	656	582	467
Current assets	20,549	28,859	31,727	34,207
Cash & others	2,068	6,264	8,296	10,041
Total assets	21,253	29,512	32,290	34,639
Operating liabilities	3,893	5,271	5,983	6,160
Gross debt	6,164	6,164	6,164	6,164
Net debt	4,096	-100	-2,132	-3,877
Shareholders' funds	11,095	17,976	20,042	22,215
Invested capital	15,291	17,977	18,010	18,438

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	221.0	51.5	7.3	4.8
EBITDA	230.4	78.0	7.2	5.0
Operating profit	229.9	79.1	7.3	5.1
PBT	228.0	80.3	7.4	5.2
HSBC EPS	202.3	75.1	7.4	5.2
Ratios (%)				
Revenue/IC (x)	2.8	2.5	2.5	2.6
ROIC	48.6	52.4	51.9	53.8
ROE	67.0	60.4	49.6	46.9
ROA	36.1	35.1	31.0	30.0
EBITDA margin	24.4	28.7	28.7	28.7
Operating profit margin	23.9	28.3	28.3	28.3
EBITDA/net interest (x)	47.9	67.2	71.6	74.8
Net debt/equity	36.9	-0.6	-10.6	-17.5
Net debt/EBITDA (x)	0.6	-0.0	-0.2	-0.3
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	28.25	51.10	54.90	57.75
HSBC EPS (diluted)	29.19	51.10	54.90	57.75
DPS	21.54	39.89	42.85	45.08
Book value	64.61	104.68	116.70	129.35

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Average sales per shopping mall (RMBm)	1,000.0	1,164.8	1,168.0	1,148.4
No. of shopping malls	34	36	38	41
GPM (%)	37.6	41.0	41.0	41.0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.9	1.8	1.6	1.5
EV/EBITDA	11.8	6.3	5.7	5.3
EV/IC	5.1	4.1	4.0	3.8
PE*	14.5	8.3	7.7	7.3
PB	6.5	4.0	3.6	3.3
FCF yield (%)	-7.1	12.4	13.2	13.4
Dividend yield (%)	5.1	9.5	10.2	10.7

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	538.1
Energy intensity*	1.6
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	6.2
Employee turnover (%)	7.1
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	7
Average board tenure (years)	4.8
Female board members (%)	14.3
Board members independence (%)	42.9

Source: Company data, HSBC

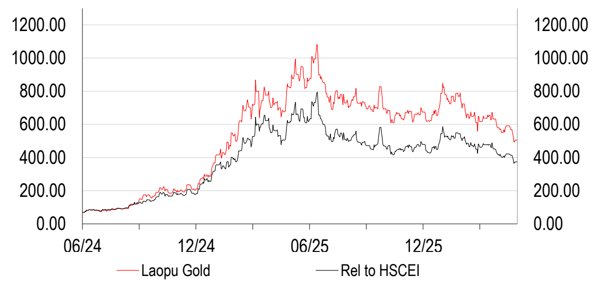
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	487.40
Target price (HKD)	729.20
RIC (Equity)	6181.HK
Bloomberg (Equity)	6181 HK
Market cap (USDm)	10,996

Free float	29%
Sector	Textiles, Apparel & Luxury Goods
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Mao Geping

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	5,050	6,589	8,230	10,055
EBITDA	1,653	2,005	2,487	3,087
Depreciation & amortisation	-106	-124	-140	-158
Operating profit/EBIT	1,598	1,998	2,492	3,071
Net interest	-2	-2	-5	-6
PBT	1,607	2,007	2,499	3,076
HSBC PBT	1,607	2,007	2,499	3,076
Taxation	-402	-502	-625	-769
Net profit	1,204	1,504	1,873	2,306
HSBC net profit	1,209	1,509	1,878	2,311
Cash flow summary (CNYm)				
Cash flow from operations	1,199	1,423	1,801	2,248
Capex	-187	-226	-226	-226
Cash flow from investment	-117	914	-86	-88
Dividends	-490	-612	-762	-939
Change in net debt	35	-1,720	-949	-1,215
FCF equity	1,012	1,197	1,575	2,022
Balance sheet summary (CNYm)				
Intangible fixed assets	3	3	3	3
Tangible fixed assets	1,251	1,402	1,539	1,657
Current assets	3,286	5,304	6,534	8,063
Cash & others	2,441	4,161	5,109	6,325
Total assets	4,540	6,709	8,076	9,722
Operating liabilities	863	1,146	1,401	1,679
Gross debt	0	0	0	0
Net debt	-2,441	-4,161	-5,109	-6,325
Shareholders' funds	4,666	5,558	6,668	8,035
Invested capital	1,236	1,402	1,565	1,718

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	30.0	30.5	24.9	22.2
EBITDA	39.1	21.3	24.1	24.1
Operating profit	36.2	25.0	24.7	23.2
PBT	36.6	24.9	24.5	23.1
HSBC EPS	8.0	24.8	24.4	23.1
Ratios (%)				
Revenue/IC (x)	4.5	5.0	5.5	6.1
ROIC	102.5	106.9	118.7	133.8
ROE	29.6	29.5	30.7	31.4
ROA	26.8	26.8	25.4	26.0
EBITDA margin	32.7	30.4	30.2	30.7
Operating profit margin	31.6	30.3	30.3	30.5
EBITDA/net interest (x)	711.8	863.4	523.2	492.1
Net debt/equity	-52.3	-74.8	-76.5	-78.6
Net debt/EBITDA (x)	-1.5	-2.1	-2.1	-2.0
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	2.46	3.07	3.82	4.71
HSBC EPS (diluted)	2.47	3.08	3.83	4.72
DPS	1.00	1.25	1.56	1.92
Book value	9.52	11.34	13.61	16.40

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Revenue growth (%)	30	30	25	22
Growth in average store count (%)	8	9	8	7
GPM (%)	84	83	83	83

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	8.4	6.1	4.8	3.8
EV/EBITDA	25.5	20.2	15.9	12.4
EV/IC	34.2	28.9	25.3	22.3
PE*	20.1	16.1	13.0	10.5
PB	5.2	4.4	3.7	3.0
FCF yield (%)	2.3	2.7	3.5	4.5
Dividend yield (%)	2.0	2.5	3.1	3.9

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	2.5
Energy intensity*	2.8
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	17.9
Employee turnover (%)	14.5
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	8.0
Female board members (%)	44.4
Board members independence (%)	33.3

Source: Company data, HSBC

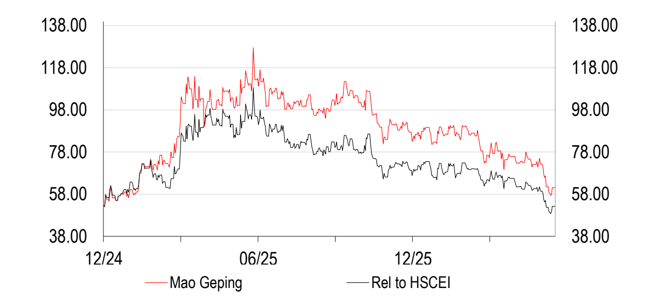
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	57.40
Target price (HKD)	70.00
RIC (Equity)	1318.HK
Bloomberg (Equity)	1318 HK
Market cap (USDm)	6,587

Free float	49%
Sector	Personal Products
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Bosideng

Buy

Financial statements

Year to	03/2025a	03/2026e	03/2027e	03/2028e
Profit & loss summary (CNYm)				
Revenue	25,902	26,963	29,009	31,150
EBITDA	5,890	6,043	6,632	7,168
Depreciation & amortisation	-1,226	-1,290	-1,356	-1,408
Operating profit/EBIT	4,967	5,115	5,638	6,121
Net interest	204	321	174	181
PBT	5,149	5,374	5,751	6,240
HSBC PBT	5,149	5,374	5,751	6,240
Taxation	-1,596	-1,612	-1,668	-1,810
Net profit	3,514	3,723	4,040	4,384
HSBC net profit	3,514	3,723	4,040	4,384
Cash flow summary (CNYm)				
Cash flow from operations	3,982	2,118	4,907	5,445
Capex	-816	-770	-770	-770
Cash flow from investment	-3,098	-911	-1,103	-1,146
Dividends	-2,646	-3,112	-3,377	-3,663
Change in net debt	3,266	1,923	-427	-635
FCF equity	3,166	1,349	4,137	4,675
Balance sheet summary (CNYm)				
Intangible fixed assets	1,138	949	759	570
Tangible fixed assets	6,702	6,825	6,927	7,026
Current assets	19,222	20,150	21,357	22,636
Cash & others	5,840	3,999	4,426	5,061
Total assets	27,403	28,264	29,383	30,572
Operating liabilities	9,178	9,307	9,720	10,141
Gross debt	896	978	978	978
Net debt	-4,944	-3,021	-3,448	-4,083
Shareholders' funds	16,919	17,531	18,194	18,915
Invested capital	12,044	14,618	14,897	15,029

Ratio, growth and per share analysis

Year to	03/2025a	03/2026e	03/2027e	03/2028e
Y-o-y % change				
Revenue	11.6	4.1	7.6	7.4
EBITDA	7.3	2.6	9.8	8.1
Operating profit	12.9	3.0	10.2	8.6
PBT	13.4	4.4	7.0	8.5
HSBC EPS	13.2	5.7	8.5	8.5
Ratios (%)				
Revenue/IC (x)	2.9	2.0	2.0	2.1
ROIC	36.3	25.2	25.6	27.6
ROE	22.9	21.6	22.6	23.6
ROA	13.8	13.8	14.5	15.1
EBITDA margin	22.7	22.4	22.9	23.0
Operating profit margin	19.2	19.0	19.4	19.7
EBITDA/net interest (x)				
Net debt/equity	-29.0	-17.1	-18.8	-21.3
Net debt/EBITDA (x)	-0.8	-0.5	-0.5	-0.6
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	0.30	0.32	0.35	0.38
HSBC EPS (diluted)	0.30	0.32	0.35	0.38
DPS	0.26	0.27	0.29	0.32
Book value	1.52	1.50	1.56	1.62

Key forecast drivers

Year to	03/2025a	03/2026e	03/2027e	03/2028e
GPM%	57	58	58	58
Down apparel revenue YoY%	11	7	7	7
Ladies apparel revenue YoY%	-21	-19	0	0
OEM revenue YoY%	26	-8	10	8

Valuation data

Year to	03/2025a	03/2026e	03/2027e	03/2028e
EV/sales	1.4	1.5	1.3	1.2
EV/EBITDA	6.3	6.5	5.8	5.3
EV/IC	3.1	2.7	2.6	2.5
PE*	12.0	11.3	10.4	9.6
PB	2.4	2.4	2.3	2.2
FCF yield (%)	7.4	3.2	9.7	11.0
Dividend yield (%)	7.2	7.4	8.1	8.7

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	03/2025a
GHG emission intensity*	14.4
Energy intensity*	18.1
CO_2 reduction policy	Yes
Social Indicators	**03/2025a**
Employee costs as % of revenues	9.9
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	03/2026a
No. of board members	8
Average board tenure (years)	17.2
Female board members (%)	25
Board members independence (%)	37.5

Source: Company data, HSBC

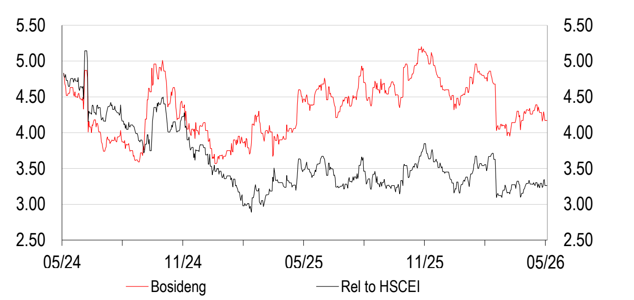
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	4.21
Target price (HKD)	5.00
RIC (Equity)	3998.HK
Bloomberg (Equity)	3998 HK
Market cap (USDm)	6,279

Free float	39%
Sector	Textiles, Apparel & Luxury Goods
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Li Ning

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	29,598	31,182	33,420	35,303
EBITDA	6,161	5,491	6,351	6,759
Depreciation & amortisation	-2,263	-1,891	-1,974	-2,016
Operating profit/EBIT	3,898	3,600	4,377	4,742
Net interest	33	14	38	51
PBT	4,189	3,934	4,735	5,113
HSBC PBT	4,189	3,934	4,735	5,113
Taxation	-1,253	-1,118	-1,340	-1,444
Net profit	2,936	2,816	3,396	3,669
HSBC net profit	2,936	2,816	3,396	3,669
Cash flow summary (CNYm)				
Cash flow from operations	4,852	4,705	4,966	5,656
Capex	-1,222	-1,298	-1,298	-1,298
Cash flow from investment	-166	-1,286	-1,286	-1,286
Dividends	-1,473	-1,408	-1,698	-1,835
Change in net debt	-1,809	-2,012	-1,984	-2,537
FCF equity	3,644	3,406	3,667	4,357
Balance sheet summary (CNYm)				
Intangible fixed assets	157	79	1	-77
Tangible fixed assets	6,471	6,972	7,408	7,821
Current assets	21,857	23,807	26,298	28,860
Cash & others	16,717	18,729	20,712	23,249
Total assets	36,621	38,901	41,656	44,460
Operating liabilities	10,087	10,407	10,899	11,287
Gross debt	0	0	0	0
Net debt	-19,974	-21,986	-23,969	-26,506
Shareholders' funds	27,627	29,586	31,850	34,265
Invested capital	7,238	7,516	8,157	8,386

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	3.2	5.4	7.2	5.6
EBITDA	-3.4	-10.9	15.6	6.4
Operating profit	6.0	-7.6	21.6	8.3
PBT	1.9	-6.1	20.4	8.0
HSBC EPS	-2.6	-4.1	20.6	8.1
Ratios (%)				
Revenue/IC (x)	4.2	4.2	4.3	4.3
ROIC	38.4	34.9	40.1	41.1
ROE	10.9	9.8	11.1	11.1
ROA	9.1	7.4	8.4	8.4
EBITDA margin	20.8	17.6	19.0	19.1
Operating profit margin	13.2	11.5	13.1	13.4
EBITDA/net interest (x)				
Net debt/equity	-72.3	-74.3	-75.3	-77.4
Net debt/EBITDA (x)	-3.2	-4.0	-3.8	-3.9
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.14	1.09	1.31	1.42
HSBC EPS (diluted)	1.14	1.09	1.31	1.42
DPS	0.57	0.54	0.66	0.71
Book value	10.68	11.44	12.32	13.25

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Li Ning brand yoy revenue growth	3.1	5.3	7.2	5.6
Li Ning brand PRC market yoy revenue growth	3.5	5.4	7.3	5.7
Li Ning brand international market yoy revenue growth	-19.5	2.0	2.0	2.0
Li Ning brand # of POS yoy change	-1.2	0.3	0.8	0.7
GPM	49.0	48.7	49.1	49.1
OPM	13.2	11.5	13.1	13.4

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.6	0.5	0.4	0.3
EV/EBITDA	2.8	2.8	2.1	1.6
EV/IC	2.4	2.0	1.6	1.3
PE*	13.6	14.1	11.7	10.8
PB	1.4	1.3	1.2	1.2
FCF yield (%)	9.2	8.6	9.2	11.0
Dividend yield (%)	3.7	3.5	4.3	4.6

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	14.2
Energy intensity*	31.3
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	8.3
Employee turnover (%)	13.7
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	7
Average board tenure (years)	12.0
Female board members (%)	28.6
Board members independence (%)	57.1

Source: Company data, HSBC

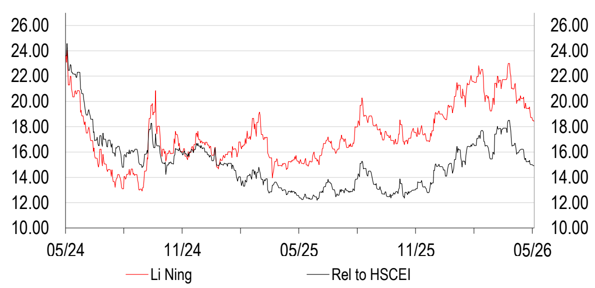
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	17.78
Target price (HKD)	24.80
RIC (Equity)	2331.HK
Bloomberg (Equity)	2331 HK
Market cap (USDm)	5,867

Free float	85%
Sector	Textiles, Apparel & Luxury Goods
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Miniso

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	21,444	25,748	28,869	32,751
EBITDA	4,363	5,461	6,293	7,167
Depreciation & amortisation	-1,206	-1,473	-1,739	-2,005
Operating profit/EBIT	3,303	4,761	4,452	5,060
Net interest	-327	-429	-459	-543
PBT	1,913	4,450	4,111	4,636
HSBC PBT	1,913	4,450	4,111	4,636
Taxation	-704	-864	-909	-1,016
Net profit	1,205	3,597	3,213	3,631
HSBC net profit	2,898	3,083	3,552	3,970
Cash flow summary (CNYm)				
Cash flow from operations	1,018	3,308	4,529	5,125
Capex	-998	-3,510	-3,510	-2,710
Cash flow from investment	-7,020	-3,349	-3,314	-2,535
Dividends	-1,358	-1,593	-1,787	-1,996
Change in net debt	6,105	3,412	2,550	1,581
FCF equity	20	-202	1,019	2,415
Balance sheet summary (CNYm)				
Intangible fixed assets	318	318	318	318
Tangible fixed assets	13,455	17,413	21,066	23,607
Current assets	14,086	12,998	11,317	10,863
Cash & others	7,088	3,676	1,126	-455
Total assets	27,859	30,729	32,701	34,787
Operating liabilities	8,990	9,845	10,380	10,820
Gross debt	7,166	7,166	7,166	7,166
Net debt	79	3,490	6,040	7,621
Shareholders' funds	10,619	12,644	14,092	15,748
Invested capital	11,781	17,208	21,195	24,422

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	26.2	20.1	12.1	13.4
EBITDA	9.2	25.2	15.2	13.9
Operating profit	-0.4	44.1	-6.5	13.7
PBT	-42.8	132.6	-7.6	12.8
HSBC EPS	7.7	6.4	15.2	11.8
Ratios (%)				
Revenue/IC (x)	2.7	1.8	1.5	1.4
ROIC	24.8	22.2	18.5	17.7
ROE	27.7	26.5	26.6	26.6
ROA	6.4	13.6	11.4	12.0
EBITDA margin	20.3	21.2	21.8	21.9
Operating profit margin	15.4	18.5	15.4	15.5
EBITDA/net interest (x)	13.4	12.7	13.7	13.2
Net debt/equity	0.7	27.4	42.6	48.2
Net debt/EBITDA (x)	0.0	0.6	1.0	1.1
CF from operations/net debt	1296.0	94.8	75.0	67.2
Per share data (CNY)				
EPS Rep (diluted)	3.91	11.66	10.42	11.77
HSBC EPS (diluted)	9.40	10.00	11.52	12.87
DPS	4.43	5.20	5.83	6.51
Book value	34.32	40.87	45.55	50.90

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
MINISO China offline SSSG%	8	2	6	6
Total number of stores	8,485	8,963	9,443	9,903
GPM	45	45	46	46
OPM	15	18	15	15

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.4	2.2	2.0	1.8
EV/EBITDA	12.0	10.2	9.3	8.4
EV/IC	4.4	3.2	2.8	2.5
PE*	9.1	8.5	7.4	6.6
PB	2.5	2.1	1.9	1.7
FCF yield (%)	0.0	-0.4	1.9	4.6
Dividend yield (%)	5.2	6.1	6.8	7.6

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	4.7
Energy intensity*	10.8
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	10.7
Employee turnover (%)	20.8
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	4
Average board tenure (years)	6.1
Female board members (%)	25
Board members independence (%)	75

Source: Company data, HSBC

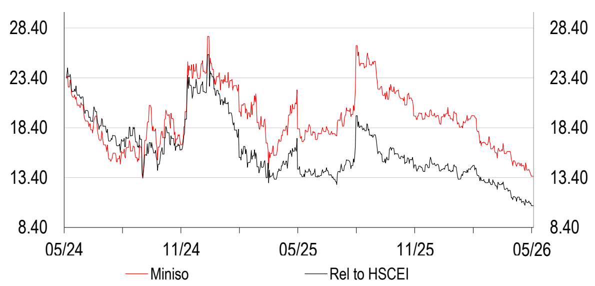
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (USD)	12.57
Target price (USD)	18.10
RIC (Equity)	MNSO.N
Bloomberg (Equity)	MNSO US
Market cap (USDm)	7,714

Free float	99%
Sector	Specialty Retail
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Mixue

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	33,560	37,655	41,672	45,381
EBITDA	7,673	8,090	9,031	9,918
Depreciation & amortisation	-544	-664	-727	-781
Operating profit/EBIT	7,580	7,959	8,886	9,695
Net interest	-5	-4	-7	-7
PBT	7,550	7,930	8,855	9,664
HSBC PBT	7,550	7,930	8,855	9,664
Taxation	-1,623	-1,705	-1,904	-2,077
Net profit	5,887	6,196	6,921	7,556
HSBC net profit	5,887	6,196	6,921	7,556
Cash flow summary (CNYm)				
Cash flow from operations	6,554	6,418	6,981	8,488
Capex	-753	-2,037	-2,037	-2,037
Cash flow from investment	-6,852	-1,653	-1,927	-1,927
Dividends	0	0	0	0
Change in net debt	-2,704	-4,678	-5,048	-6,555
FCF equity	5,801	4,381	4,943	6,450
Balance sheet summary (CNYm)				
Intangible fixed assets	173	302	431	560
Tangible fixed assets	8,948	10,193	11,375	12,504
Current assets	21,540	26,912	32,817	39,387
Cash & others	8,384	13,062	18,109	24,664
Total assets	30,661	37,407	44,623	52,451
Operating liabilities	5,948	6,375	6,639	6,880
Gross debt	28	28	28	28
Net debt	-8,355	-13,033	-18,081	-24,636
Shareholders' funds	24,449	30,645	37,566	45,122
Invested capital	16,330	17,970	19,875	20,907

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	35.2	12.2	10.7	8.9
EBITDA	29.6	5.4	11.6	9.8
Operating profit	30.2	5.0	11.7	9.1
PBT	29.9	5.0	11.7	9.1
HSBC EPS	27.0	4.3	11.7	9.2
Ratios (%)				
Revenue/IC (x)	2.6	2.2	2.2	2.2
ROIC	43.5	34.0	34.4	35.2
ROE	29.9	22.5	20.3	18.3
ROA	23.5	18.3	17.0	15.6
EBITDA margin	22.9	21.5	21.7	21.9
Operating profit margin	22.6	21.1	21.3	21.4
EBITDA/net interest (x)	1556.0	1960.3	1350.4	1483.1
Net debt/equity	-33.7	-42.1	-47.6	-54.1
Net debt/EBITDA (x)	-1.1	-1.6	-2.0	-2.5
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	15.65	16.32	18.23	19.90
HSBC EPS (diluted)	15.65	16.32	18.23	19.90
DPS	0.00	0.00	0.00	0.00
Book value	65.01	80.72	98.96	118.86

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
GMV YoY (%)	34.97	11.79	10.72	9.16
Average POS YoY (%)	23.04	22.42	11.39	9.32
Average GMV per POS YoY (%)	9.70	-8.68	-0.60	-0.15
GPM (%)	31	30	30	30

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.7	0.5	0.4	0.2
EV/EBITDA	3.2	2.5	1.6	0.8
EV/IC	1.5	1.1	0.7	0.4
PE*	13.9	13.4	12.0	11.0
PB	3.4	2.7	2.2	1.8
FCF yield (%)	17.6	13.3	15.0	19.6
Dividend yield (%)	0.0	0.0	0.0	0.0

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	26.3
Energy intensity*	69.7
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	5.8
Employee turnover (%)	23.5
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	7
Average board tenure (years)	5.4
Female board members (%)	42.9
Board members independence (%)	42.9

Source: Company data, HSBC

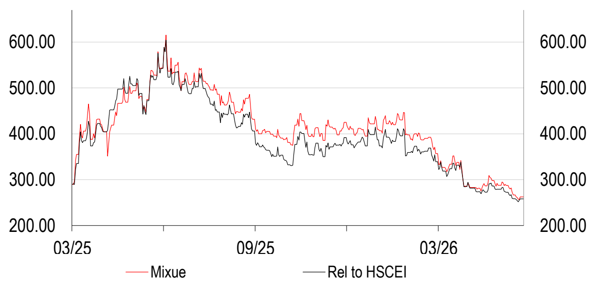
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	252.00
Target price (HKD)	319.40
RIC (Equity)	2097.HK
Bloomberg (Equity)	2097 HK
Market cap (USDm)	4,854

Free float	11%
Sector	Beverages
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Nongfu Spring

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	52,553	61,501	69,225	78,016
EBITDA	23,258	26,523	29,723	33,358
Depreciation & amortisation	-3,393	-3,810	-4,064	-4,336
Operating profit/EBIT	19,265	22,182	25,108	28,451
Net interest	-67	-85	-85	-85
PBT	20,806	23,563	26,557	29,954
HSBC PBT	20,806	23,563	26,557	29,954
Taxation	-5,049	-5,521	-6,219	-7,012
Net profit	15,757	18,042	20,337	22,942
HSBC net profit	16,212	18,298	20,593	23,198
Cash flow summary (CNYm)				
Cash flow from operations	21,142	24,457	25,456	28,479
Capex	-6,796	-6,528	-4,028	-4,028
Cash flow from investment	-11,494	881	-3,848	-3,848
Dividends	-11,133	-12,747	-14,369	-16,210
Change in net debt	309	-5,346	-7,203	-8,386
FCF equity	14,346	17,928	21,428	24,451
Balance sheet summary (CNYm)				
Intangible fixed assets	169	179	188	197
Tangible fixed assets	25,982	28,940	29,145	29,077
Current assets	26,564	32,845	41,148	50,785
Cash & others	11,178	16,524	23,727	32,113
Total assets	65,149	74,398	82,915	92,495
Operating liabilities	20,833	24,373	26,527	28,980
Gross debt	4,390	4,390	4,390	4,390
Net debt	-6,788	-12,134	-19,337	-27,723
Shareholders' funds	39,470	45,159	51,522	58,649
Invested capital	20,704	21,067	20,226	18,968

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	22.5	17.0	12.6	12.7
EBITDA	37.3	14.0	12.1	12.2
Operating profit	40.1	15.1	13.2	13.3
PBT	32.8	13.2	12.7	12.8
HSBC EPS	34.3	12.9	12.5	12.6
Ratios (%)				
Revenue/IC (x)	3.0	2.9	3.4	4.0
ROIC	86.8	83.3	95.2	113.5
ROE	45.2	43.2	42.6	42.1
ROA	26.7	26.0	25.9	26.2
EBITDA margin	44.3	43.1	42.9	42.8
Operating profit margin	36.7	36.1	36.3	36.5
EBITDA/net interest (x)	347.7	313.2	351.0	394.0
Net debt/equity	-17.2	-26.9	-37.5	-47.3
Net debt/EBITDA (x)	-0.3	-0.5	-0.7	-0.8
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.40	1.60	1.81	2.04
HSBC EPS (diluted)	1.44	1.63	1.83	2.06
DPS	0.99	1.13	1.28	1.44
Book value	3.51	4.02	4.58	5.22

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Revenue growth	23	17	13	13
- Growth in drinking water	17	12	8	8
- Growth in RTD	29	20	15	15
- Growth in Juice	27	20	20	20
Segment business EBITDA margin %	48	46	46	46
GPM %	61	58	58	58

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	7.4	6.2	5.4	4.7
EV/EBITDA	16.7	14.4	12.6	11.0
EV/IC	18.7	18.1	18.5	19.3
PE*	25.5	22.6	20.1	17.8
PB	10.5	9.2	8.0	7.0
FCF yield (%)	3.5	4.4	5.3	6.0
Dividend yield (%)	2.7	3.1	3.5	3.9

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	154.7
Energy intensity*	468.5
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	9.7
Employee turnover (%)	10.9
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	4.7
Female board members (%)	22.2
Board members independence (%)	33.3

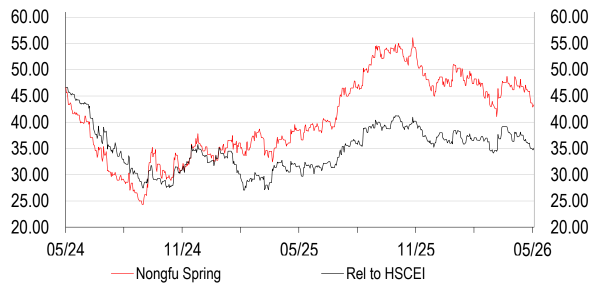
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	42.48	Free float	35%
Target price (HKD)	56.80	Sector	Beverages
RIC (Equity)	9633.HK	Country/Region	China
Bloomberg (Equity)	9633 HK	Analyst	Lina Yan, CFA
Market cap (USDm)	59,804	Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Topsports International

Hold

Financial statements

Year to	02/2026a	02/2027e	02/2028e	02/2029e
Profit & loss summary (CNYm)				
Revenue	25,740	25,200	25,643	26,549
EBITDA	1,838	1,917	2,042	2,201
Depreciation & amortisation	382	377	366	356
Operating profit/EBIT	1,522	1,615	1,751	1,920
Net interest	-15	-23	-47	-56
PBT	1,507	1,591	1,704	1,864
HSBC PBT	1,507	1,591	1,704	1,864
Taxation	-242	-317	-334	-358
Net profit	1,265	1,275	1,371	1,506
HSBC net profit	1,267	1,275	1,371	1,506
Cash flow summary (CNYm)				
Cash flow from operations	2,551	2,216	2,561	2,576
Capex	-250	-250	-250	-250
Cash flow from investment	-250	-250	-250	-250
Dividends	-1,736	-1,747	-1,878	-2,065
Change in net debt	280	1,067	711	861
FCF equity	2,301	1,966	2,311	2,326
Balance sheet summary (CNYm)				
Intangible fixed assets	2,690	2,969	3,254	3,539
Tangible fixed assets	438	285	174	72
Current assets	10,741	10,268	10,460	10,805
Cash & others	3,141	2,417	2,528	2,667
Total assets	14,021	13,729	14,095	14,624
Operating liabilities	3,268	3,197	3,009	2,853
Gross debt	1,966	2,309	3,131	4,131
Net debt	-1,175	-108	603	1,464
Shareholders' funds	8,622	8,190	7,851	7,437
Invested capital	7,534	7,612	7,556	7,629

Ratio, growth and per share analysis

Year to	02/2026a	02/2027e	02/2028e	02/2029e
Y-o-y % change				
Revenue	-4.7	-2.1	1.8	3.5
EBITDA	-6.5	4.3	6.5	7.8
Operating profit	-4.5	6.1	8.4	9.6
PBT	-3.4	5.6	7.1	9.4
HSBC EPS	-1.5	0.6	7.5	9.9
Ratios (%)				
Revenue/IC (x)	3.4	3.3	3.4	3.5
ROIC	24.5	24.3	25.5	27.2
ROE	14.3	15.2	17.1	19.7
ROA	9.3	9.8	10.5	11.2
EBITDA margin	7.1	7.6	8.0	8.3
Operating profit margin	5.9	6.4	6.8	7.2
EBITDA/net interest (x)	125.9	82.3	43.8	39.6
Net debt/equity	-13.6	-1.3	7.7	19.7
Net debt/EBITDA (x)	-0.6	-0.1	0.3	0.7
CF from operations/net debt			424.6	176.0
Per share data (CNY)				
EPS Rep (diluted)	0.20	0.21	0.22	0.24
HSBC EPS (diluted)	0.20	0.21	0.22	0.24
DPS	0.28	0.28	0.30	0.33
Book value	1.39	1.32	1.27	1.20

Key forecast drivers

Year to	02/2026a	02/2027e	02/2028e	02/2029e
Retail revenue per directly-operated POS yoy %	13.0	16.1	17.4	19.7
Average number of POS yoy %	-16.1	-13.1	-13.1	-13.1
Wholesales operations yoy%	-16.6	-10.0	0.0	0.0
SG&A as % of revenue	32.4	31.7	31.8	31.9
GPM	38.0	37.8	38.3	38.8
OPM	5.9	6.4	6.8	7.2

Valuation data

Year to	02/2026a	02/2027e	02/2028e	02/2029e
EV/sales	0.5	0.6	0.6	0.6
EV/EBITDA	7.5	7.7	7.6	7.4
EV/IC	1.8	1.9	2.1	2.1
PE*	11.7	11.7	10.9	9.9
PB	1.7	1.8	1.9	2.0
FCF yield (%)	15.4	13.2	15.5	15.6
Dividend yield (%)	11.7	11.7	12.6	13.9

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	02/2025a
GHG emission intensity*	0.3
Energy intensity*	0.6
CO_2 reduction policy	Yes
Social Indicators	**02/2025a**
Employee costs as % of revenues	10.2
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	02/2026a
No. of board members	8
Average board tenure (years)	6.6
Female board members (%)	25
Board members independence (%)	37.5

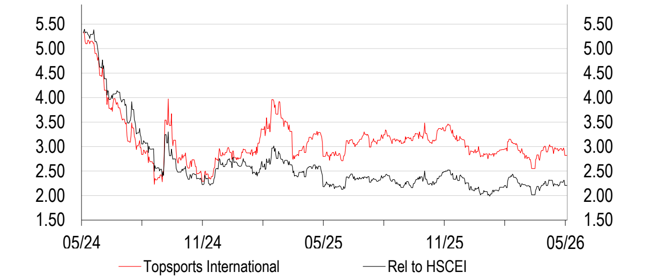
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	2.78	Free float	100%
Target price (HKD)	2.80	Sector	Specialty Retail
RIC (Equity)	6110.HK	Country/Region	China
Bloomberg (Equity)	6110 HK	Analyst	Yimin Wang
Market cap (USDm)	2,201	Contact	+852 5696 5573

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Pop Mart

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	37,120	40,677	50,231	61,187
EBITDA	17,438	17,949	22,469	27,662
Depreciation & amortisation	-1,118	-1,351	-1,595	-1,854
Operating profit/EBIT	16,890	17,604	22,053	27,175
Net interest	76	59	57	67
PBT	17,037	17,732	22,180	27,312
HSBC PBT	17,037	17,732	22,180	27,312
Taxation	-4,025	-4,189	-5,240	-6,452
Net profit	12,776	13,295	16,672	20,571
HSBC net profit	13,084	13,615	17,012	20,932
Cash flow summary (CNYm)				
Cash flow from operations	10,865	16,176	17,831	21,870
Capex	-1,172	-1,226	-1,226	-1,226
Cash flow from investment	-1,032	-1,226	-1,226	-1,226
Dividends	-1,083	-3,335	-4,179	-5,154
Change in net debt	-7,582	-11,615	-12,427	-15,491
FCF equity	9,694	14,950	16,606	20,644
Balance sheet summary (CNYm)				
Intangible fixed assets	209	213	217	220
Tangible fixed assets	6,722	8,093	9,369	10,600
Current assets	24,915	35,635	49,355	66,288
Cash & others	17,228	28,843	41,270	56,760
Total assets	31,845	43,940	58,940	77,109
Operating liabilities	9,449	11,335	13,574	16,036
Gross debt	0	0	0	0
Net debt	-17,228	-28,843	-41,270	-56,760
Shareholders' funds	22,278	32,238	44,731	60,149
Invested capital	5,168	3,762	4,096	4,312

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	184.7	9.6	23.5	21.8
EBITDA	285.7	2.9	25.2	23.1
Operating profit	306.6	4.2	25.3	23.2
PBT	290.2	4.1	25.1	23.1
HSBC EPS	284.1	4.1	25.0	23.0
Ratios (%)				
Revenue/IC (x)	11.6	9.1	12.8	14.6
ROIC	392.1	286.1	408.3	471.2
ROE	79.4	49.9	44.2	39.9
ROA	56.0	36.0	33.1	30.9
EBITDA margin	47.0	44.1	44.7	45.2
Operating profit margin	45.5	43.3	43.9	44.4
EBITDA/net interest (x)				
Net debt/equity	-76.1	-87.8	-90.5	-92.6
Net debt/EBITDA (x)	-1.0	-1.6	-1.8	-2.1
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	9.58	9.97	12.51	15.43
HSBC EPS (diluted)	9.81	10.21	12.76	15.70
DPS	2.38	2.51	3.14	3.87
Book value	16.59	24.01	33.31	44.79

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
PRC Revenue YoY by channel	135	28	20	19
Overseas Revenue YoY by channel	292	-14	31	26
Total number of stores	3,267	3,389	3,569	3,759
Average revenue per store	30	35	39	43
GPM	72	69	70	70
OPM	46	43	44	44

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	4.6	3.9	2.9	2.1
EV/EBITDA	9.8	8.8	6.5	4.7
EV/IC	32.9	42.2	35.7	30.3
PE*	14.2	13.7	11.0	8.9
PB	8.4	5.8	4.2	3.1
FCF yield (%)	5.2	8.0	8.9	11.0
Dividend yield (%)	1.7	1.8	2.2	2.8

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	1.9
Energy intensity*	3.5
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	6.1
Employee turnover (%)	35.7
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	4.2
Female board members (%)	11.1
Board members independence (%)	33.3

Source: Company data, HSBC

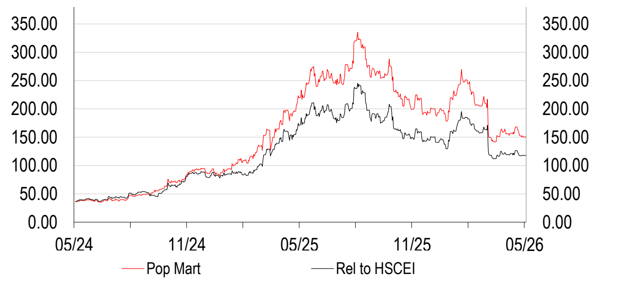
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	161.50
Target price (HKD)	189.50
RIC (Equity)	9992.HK
Bloomberg (Equity)	9992 HK
Market cap (USDm)	27,646

Free float	50%
Sector	Specialty Retail
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Yue Yuen Industrial

Hold

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (USDm)				
Revenue	8,031	7,998	8,233	8,477
EBITDA	700	636	706	725
Depreciation & amortisation	-264	-256	-257	-261
Operating profit/EBIT	436	380	449	464
Net interest	-53	-50	-50	-50
PBT	466	373	442	457
HSBC PBT	466	373	442	457
Taxation	-70	-65	-87	-90
Net profit	381	291	334	346
HSBC net profit	367	293	334	346
Cash flow summary (USDm)				
Cash flow from operations	591	653	727	743
Capex	-314	-365	-235	-225
Cash flow from investment	-298	-365	-235	-225
Dividends	-266	-205	-235	-243
Change in net debt	154	-330	-216	-234
FCF equity	286	288	492	519
Balance sheet summary (USDm)				
Intangible fixed assets	274	218	216	215
Tangible fixed assets	2,461	2,554	2,501	2,434
Current assets	3,764	4,147	4,434	4,743
Cash & others	634	964	1,180	1,414
Total assets	7,281	7,701	7,934	8,173
Operating liabilities	1,550	1,618	1,731	1,847
Gross debt	789	789	789	789
Net debt	155	-175	-391	-625
Shareholders' funds	4,617	4,703	4,802	4,905
Invested capital	4,316	4,337	4,241	4,131

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-1.8	-0.4	2.9	3.0
EBITDA	-14.0	-9.2	11.0	2.7
Operating profit	-20.2	-12.9	18.2	3.3
PBT	-18.6	-20.0	18.5	3.4
HSBC EPS	-2.7	-20.0	13.8	3.6
Ratios (%)				
Revenue/IC (x)	1.9	1.8	1.9	2.0
ROIC	8.9	7.3	8.4	8.9
ROE	8.1	6.3	7.0	7.1
ROA	6.1	4.7	5.0	5.1
EBITDA margin	8.7	7.9	8.6	8.5
Operating profit margin	5.4	4.7	5.5	5.5
EBITDA/net interest (x)	13.2	12.8	14.2	14.6
Net debt/equity	3.0	-3.4	-7.3	-11.4
Net debt/EBITDA (x)	0.2	-0.3	-0.6	-0.9
CF from operations/net debt	382.0			
Per share data (USD)				
EPS Rep (diluted)	0.24	0.18	0.21	0.22
HSBC EPS (diluted)	0.23	0.18	0.21	0.22
DPS	0.17	0.13	0.15	0.15
Book value	2.88	2.93	2.99	3.06

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Manufacturing Revenue Growth %	0.5	-0.9	3.8	3.8
Retail Revenue Growth %	-7.0	0.7	1.0	1.0
Manufacturing OPM %	6.7	5.5	6.5	6.5
Retail OPM %	2.1	3.0	3.0	3.0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.4	0.3	0.3	0.3
EV/EBITDA	4.1	4.0	3.3	3.0
EV/IC	0.7	0.6	0.6	0.5
PE*	8.2	10.2	9.0	8.7
PB	0.7	0.6	0.6	0.6
FCF yield (%)	9.5	9.6	16.4	17.3
Dividend yield (%)	8.9	6.8	7.8	8.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	96.0
Energy intensity*	117.5
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	26
Employee turnover (%)	13
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	10
Average board tenure (years)	7.8
Female board members (%)	20
Board members independence (%)	40

Source: Company data, HSBC

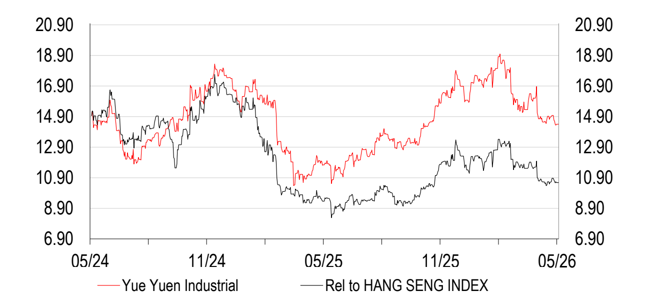
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	14.66
Target price (HKD)	14.50
RIC (Equity)	0551.HK
Bloomberg (Equity)	551 HK
Market cap (USDm)	3,003

Free float	46%
Sector	Textiles, Apparel & Luxury Goods
Country/Region	Hong Kong
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: H World Group

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	25,307	27,207	28,528	29,960
EBITDA	8,076	9,347	10,239	11,227
Depreciation & amortisation	-1,257	-1,165	-1,137	-1,110
Operating profit/EBIT	6,819	8,182	9,102	10,117
Net interest	-114	16	59	51
PBT	7,302	8,009	8,977	9,984
HSBC PBT	7,286	8,026	8,989	9,996
Taxation	-2,161	-2,644	-2,347	-2,600
Net profit	5,080	5,344	6,610	7,364
HSBC net profit	4,941	5,956	7,218	7,997
Cash flow summary (CNYm)				
Cash flow from operations	6,277	6,472	7,516	6,538
Capex	-8,972	-828	-828	-828
Cash flow from investment	-1,101	-627	-828	-828
Dividends	-4,880	-6,403	-4,725	-5,264
Change in net debt	-2,618	-3,088	-2,061	-555
FCF equity	-2,695	5,644	6,688	5,710
Balance sheet summary (CNYm)				
Intangible fixed assets	10,611	10,317	10,282	10,247
Tangible fixed assets	32,607	32,363	32,089	31,842
Current assets	17,477	18,938	21,019	21,597
Cash & others	10,532	12,129	14,190	14,745
Total assets	64,105	65,027	66,800	67,095
Operating liabilities	44,142	43,969	43,758	41,844
Gross debt	5,816	4,325	4,325	4,325
Net debt	-4,716	-7,804	-9,865	-10,420
Shareholders' funds	12,804	15,391	17,374	19,583
Invested capital	6,021	5,520	5,442	7,096

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	5.9	7.5	4.9	5.0
EBITDA	23.6	15.7	9.5	9.7
Operating profit	31.1	20.0	11.2	11.2
PBT	52.0	9.7	12.1	11.2
HSBC EPS	34.2	20.4	20.4	10.8
Ratios (%)				
Revenue/IC (x)	3.9	4.7	5.2	4.8
ROIC	73.7	95.0	122.6	119.4
ROE	39.6	42.3	44.1	43.3
ROA	8.6	8.6	10.3	11.3
EBITDA margin	31.9	34.4	35.9	37.5
Operating profit margin	26.9	30.1	31.9	33.8
EBITDA/net interest (x)	70.8			
Net debt/equity	-36.4	-50.2	-56.3	-52.8
Net debt/EBITDA (x)	-0.6	-0.8	-1.0	-0.9
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	15.64	16.44	20.20	22.50
HSBC EPS (diluted)	15.21	18.32	22.05	24.43
DPS	15.03	19.70	14.44	16.08
Book value	39.43	47.34	53.08	59.83

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Yoy % in hotel rooms	17	15	8	9
Yoy % in RevPAR	-1	1	1	0
Midscale as % of total rooms	60	62	62	62
Manachised as % of total revenue	56	61	63	66

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	3.4	3.0	2.8	2.7
EV/EBITDA	10.6	8.9	7.9	7.1
EV/IC	14.3	15.0	14.8	11.3
PE*	19.9	16.5	13.7	12.4
PB	7.7	6.4	5.7	5.1
FCF yield (%)	-2.9	6.1	7.2	6.1
Dividend yield (%)	5.0	6.5	4.8	5.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	n/a
Energy intensity*	n/a
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	22.8
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	7
Average board tenure (years)	12.7
Female board members (%)	42.9
Board members independence (%)	71.4

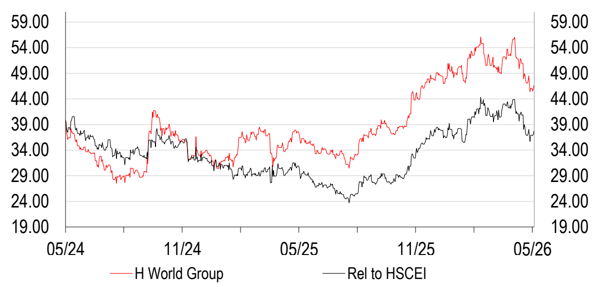
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (USD)	44.70	Free float	100%
Target price (USD)	61.60	Sector	Hotels Restaurants & Leisure
RIC (Equity)	HTHT.OQ	Country/Region	China
Bloomberg (Equity)	HTHT US	Analyst	Lina Yan, CFA
Market cap (USDm)	13,753	Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Haidilao International

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	43,225	46,819	49,526	52,230
EBITDA	7,303	7,365	7,743	8,176
Depreciation & amortisation	-1,439	-1,096	-1,032	-1,020
Operating profit/EBIT	6,050	6,459	6,900	7,345
Net interest	-238	-236	-236	-236
PBT	5,812	6,222	6,664	7,109
HSBC PBT	5,812	6,222	6,664	7,109
Taxation	-1,770	-1,781	-1,907	-2,035
Net profit	4,050	4,449	4,765	5,082
HSBC net profit	4,050	4,449	4,765	5,082
Cash flow summary (CNYm)				
Cash flow from operations	5,664	6,477	6,540	7,089
Capex	-1,673	-2,014	-1,514	-1,514
Cash flow from investment	-3,030	-2,014	-1,514	-1,514
Dividends	-3,746	-4,116	-4,408	-4,701
Change in net debt	1,130	-346	-618	-873
FCF equity	3,991	4,462	5,025	5,574
Balance sheet summary (CNYm)				
Intangible fixed assets	134	131	128	126
Tangible fixed assets	6,787	7,943	8,428	8,925
Current assets	12,291	12,603	13,305	14,381
Cash & others	6,602	6,949	7,567	8,439
Total assets	21,954	23,420	24,604	26,173
Operating liabilities	9,361	9,827	9,944	10,431
Gross debt	2,428	2,428	2,428	2,428
Net debt	-4,174	-4,521	-5,139	-6,011
Shareholders' funds	10,014	11,022	12,097	13,187
Invested capital	3,248	3,902	4,351	4,561

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	1.1	8.3	5.8	5.5
EBITDA	-14.3	0.8	5.1	5.6
Operating profit	-12.3	6.8	6.8	6.4
PBT	-12.3	7.1	7.1	6.7
HSBC EPS	-14.0	9.9	7.1	6.7
Ratios (%)				
Revenue/IC (x)	15.0	13.1	12.0	11.7
ROIC	142.2	125.5	116.4	114.9
ROE	39.6	42.3	41.2	40.2
ROA	18.9	20.3	20.5	20.7
EBITDA margin	16.9	15.7	15.6	15.7
Operating profit margin	14.0	13.8	13.9	14.1
EBITDA/net interest (x)	30.7	31.2	32.8	34.6
Net debt/equity	-41.7	-41.1	-42.6	-45.7
Net debt/EBITDA (x)	-0.6	-0.6	-0.7	-0.7
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	0.75	0.82	0.88	0.94
HSBC EPS (diluted)	0.75	0.82	0.88	0.94
DPS	0.69	0.76	0.81	0.87
Book value	1.85	2.04	2.23	2.44

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Net addition in the restaurants	-51	-20	-15	-15
China SSSG %	0	0	0	0
Restaurant Margin %	17	18	18	18
Effective Tax Rate %	30	29	29	29

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.2	1.1	1.0	1.0
EV/EBITDA	7.2	7.1	6.7	6.2
EV/IC	16.2	13.4	11.9	11.2
PE*	14.3	13.0	12.2	11.4
PB	5.8	5.3	4.8	4.4
FCF yield (%)	6.7	7.5	8.4	9.3
Dividend yield (%)	6.5	7.1	7.6	8.1

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	160.6
Energy intensity*	367.8
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	32.6
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	13
Average board tenure (years)	6.3
Female board members (%)	30.8
Board members independence (%)	46.2

Source: Company data, HSBC

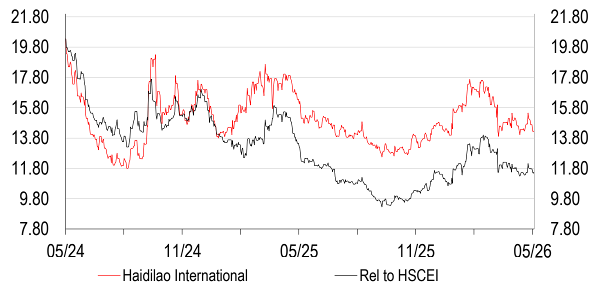
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	12.36
Target price (HKD)	18.50
RIC (Equity)	6862.HK
Bloomberg (Equity)	6862 HK
Market cap (USDm)	8,794

Free float	100%
Sector	Hotels Restaurants & Leisure
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: China Mengniu Dairy

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	82,245	86,678	90,598	93,894
EBITDA	7,166	9,756	10,164	10,538
Depreciation & amortisation	-3,325	-3,227	-3,137	-3,050
Operating profit/EBIT	3,841	6,529	7,027	7,488
Net interest	-129	-246	-199	-178
PBT	2,909	6,473	7,039	7,527
HSBC PBT	2,909	6,473	7,039	7,527
Taxation	-1,285	-1,379	-1,477	-1,564
Net profit	1,545	4,998	5,458	5,852
HSBC net profit	1,550	4,998	5,458	5,852
Cash flow summary (CNYm)				
Cash flow from operations	5,866	9,796	8,573	10,325
Capex	-5,420	-2,000	-2,000	-2,000
Cash flow from investment	-384	-5,246	-2,236	-2,236
Dividends	-1,994	-2,017	-2,749	-3,275
Change in net debt	-5,164	-3,465	-3,388	-4,636
FCF equity	6,255	7,796	6,573	8,325
Balance sheet summary (CNYm)				
Intangible fixed assets	17,624	17,882	17,990	18,097
Tangible fixed assets	20,788	21,539	20,843	20,228
Current assets	34,690	38,515	42,798	47,357
Cash & others	13,255	16,720	20,108	24,744
Total assets	96,578	101,230	104,611	108,357
Operating liabilities	22,659	24,234	24,803	25,861
Gross debt	24,293	24,293	24,293	24,293
Net debt	11,039	7,574	4,185	-451
Shareholders' funds	40,519	43,500	46,209	48,786
Invested capital	32,545	31,933	31,249	29,192

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-7.3	5.4	4.5	3.6
EBITDA	34.4	36.1	4.2	3.7
Operating profit	99.4	70.0	7.6	6.6
PBT	191.1	122.6	8.7	6.9
HSBC EPS	-64.9	222.4	9.2	7.2
Ratios (%)				
Revenue/IC (x)	2.5	2.7	2.9	3.1
ROIC	16.1	17.8	19.5	21.6
ROE	3.2	10.3	10.6	10.8
ROA	2.1	5.8	6.1	6.2
EBITDA margin	8.7	11.3	11.2	11.2
Operating profit margin	4.7	7.5	7.8	8.0
EBITDA/net interest (x)	55.6	39.7	51.0	59.2
Net debt/equity	23.4	15.1	7.9	-0.8
Net debt/EBITDA (x)	1.5	0.8	0.4	-0.0
CF from operations/net debt	53.1	129.3	204.8	
Per share data (CNY)				
EPS Rep (diluted)	0.40	1.28	1.40	1.50
HSBC EPS (diluted)	0.40	1.28	1.40	1.50
DPS	0.52	0.70	0.84	0.90
Book value	10.37	11.13	11.82	12.48

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Revenue growth %	-7.3	5.4	4.5	3.6
GPM %	39.9	39.9	40.1	40.4
SGA cost ratio %	31.3	31.2	31.3	31.3

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.6	0.6	0.5	0.4
EV/EBITDA	7.3	5.0	4.5	3.9
EV/IC	1.6	1.5	1.5	1.4
PE*	36.2	11.2	10.3	9.6
PB	1.4	1.3	1.2	1.2
FCF yield (%)	11.2	14.0	11.8	14.9
Dividend yield (%)	3.6	4.9	5.8	6.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	105.0
Energy intensity*	202.9
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	9.2
Employee turnover (%)	18.2
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	2.5
Female board members (%)	22.2
Board members independence (%)	33.3

Source: Company data, HSBC

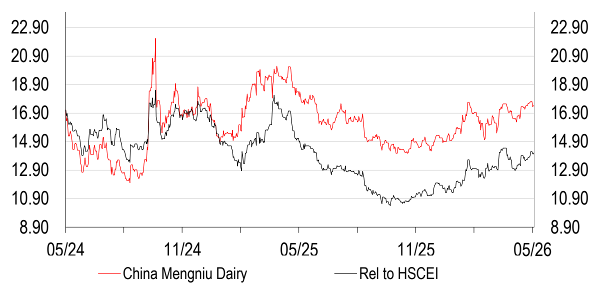
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	16.59
Target price (HKD)	23.80
RIC (Equity)	2319.HK
Bloomberg (Equity)	2319 HK
Market cap (USDm)	8,214

Free float	68%
Sector	Food Products
Country/Region	China
Analyst	Lina Yan, CFA
Contact	+852 2822 4344

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Xtep Int'l

Hold

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	14,151	14,906	15,945	17,099
EBITDA	2,316	2,129	2,443	2,703
Depreciation & amortisation	-298	-312	-328	-346
Operating profit/EBIT	2,019	1,817	2,115	2,357
Net interest	-100	-102	-109	-110
PBT	1,973	1,786	2,090	2,349
HSBC PBT	1,973	1,786	2,090	2,349
Taxation	-602	-545	-637	-716
Net profit	1,372	1,241	1,453	1,633
HSBC net profit	1,372	1,241	1,453	1,633
Cash flow summary (CNYm)				
Cash flow from operations	952	116	1,470	1,645
Capex	-264	-300	-300	-300
Cash flow from investment	-19	-321	-321	-322
Dividends	-610	-626	-733	-823
Change in net debt	-932	880	-342	-398
FCF equity	688	-184	1,170	1,345
Balance sheet summary (CNYm)				
Intangible fixed assets	2,097	2,105	2,111	2,118
Tangible fixed assets	2,579	2,710	2,839	2,967
Current assets	12,222	12,360	13,291	14,377
Cash & others	3,457	2,577	2,919	3,317
Total assets	16,899	17,175	18,241	19,462
Operating liabilities	4,001	3,661	4,008	4,419
Gross debt	2,431	2,431	2,431	2,431
Net debt	-1,026	-146	-488	-886
Shareholders' funds	10,203	10,818	11,538	12,348
Invested capital	9,441	10,936	11,315	11,726

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	4.2	5.3	7.0	7.2
EBITDA	-1.0	-8.1	14.8	10.6
Operating profit	2.7	-10.0	16.4	11.4
PBT	3.8	-9.5	17.0	12.4
HSBC EPS	-0.1	-9.5	17.0	12.4
Ratios (%)				
Revenue/IC (x)	1.6	1.5	1.4	1.5
ROIC	16.4	13.4	14.2	15.3
ROE	14.5	11.8	13.0	13.7
ROA	8.8	7.7	8.6	9.1
EBITDA margin	16.4	14.3	15.3	15.8
Operating profit margin	14.3	12.2	13.3	13.8
EBITDA/net interest (x)	23.2	21.0	22.3	24.6
Net debt/equity	-10.1	-1.3	-4.2	-7.2
Net debt/EBITDA (x)	-0.4	-0.1	-0.2	-0.3
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	0.47	0.42	0.49	0.55
HSBC EPS (diluted)	0.47	0.42	0.49	0.55
DPS	0.26	0.23	0.27	0.31
Book value	3.82	4.05	4.32	4.62

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Xtep Brand revenue growth	2	2	5	5
Gross margin of Xtep brand	41	40	41	41
OP margin of Xtep brand	15	13	14	15

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	0.6	0.7	0.6	0.5
EV/EBITDA	3.9	4.6	3.9	3.4
EV/IC	1.0	0.9	0.8	0.8
PE*	7.7	8.5	7.2	6.4
PB	0.9	0.9	0.8	0.8
FCF yield (%)	6.9	-1.8	11.7	13.4
Dividend yield (%)	7.2	6.6	7.7	8.6

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	12.8
Energy intensity*	24.9
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	10
Employee turnover (%)	19.2
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	8
Average board tenure (years)	9.3
Female board members (%)	25
Board members independence (%)	37.5

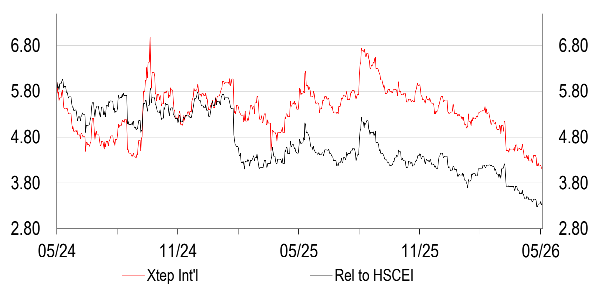
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	4.13	Free float	25%
Target price (HKD)	4.60	Sector	Textiles, Apparel & Luxury Goods
RIC (Equity)	1368.HK	Country/Region	China
Bloomberg (Equity)	1368 HK	Analyst	Yimin Wang
Market cap (USDm)	1,479	Contact	+852 5696 5573

Price relative



Source: HSBC

Note: Priced at close of 28 May 2026

Financials & valuation: Yum China

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (USDm)				
Revenue	11,797	12,967	13,665	14,503
EBITDA	1,738	1,920	2,016	2,141
Depreciation & amortisation	-448	-465	-440	-425
Operating profit/EBIT	1,290	1,455	1,576	1,716
Net interest	92	61	47	62
PBT	1,358	1,505	1,623	1,778
HSBC PBT	1,358	1,505	1,623	1,778
Taxation	-354	-399	-431	-473
Net profit	929	1,035	1,121	1,234
HSBC net profit	929	1,035	1,121	1,234
Cash flow summary (USDm)				
Cash flow from operations	1,466	1,787	1,847	1,960
Capex	-626	-626	-626	-626
Cash flow from investment	-5	-676	-676	-676
Dividends	-354	-401	-384	-374
Change in net debt	460	140	-531	-544
FCF equity	1,461	1,111	1,171	1,284
Balance sheet summary (USDm)				
Intangible fixed assets	2,111	2,146	2,181	2,216
Tangible fixed assets	6,315	6,340	6,399	6,491
Current assets	2,357	2,182	2,667	3,187
Cash & others	1,384	1,244	1,775	2,319
Total assets	10,783	10,668	11,248	11,894
Operating liabilities	4,684	4,751	4,638	4,558
Gross debt	0	0	0	0
Net debt	-1,384	-1,244	-1,775	-2,319
Shareholders' funds	5,379	5,197	5,890	6,616
Invested capital	4,715	4,673	4,834	5,018

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	4.4	9.9	5.4	6.1
EBITDA	6.1	10.5	5.0	6.2
Operating profit	11.0	12.8	8.3	8.9
PBT	2.0	10.8	7.8	9.5
HSBC EPS	7.2	18.8	13.1	13.0
Ratios (%)				
Revenue/IC (x)	2.5	2.8	2.9	2.9
ROIC	20.5	22.8	24.3	25.6
ROE	16.7	19.6	20.2	19.7
ROA	9.2	10.3	10.9	11.3
EBITDA margin	14.7	14.8	14.8	14.8
Operating profit margin	10.9	11.2	11.5	11.8
EBITDA/net interest (x)				
Net debt/equity	-22.7	-21.0	-26.9	-31.6
Net debt/EBITDA (x)	-0.8	-0.6	-0.9	-1.1
CF from operations/net debt				
Per share data (USD)				
EPS Rep (diluted)	2.50	2.97	3.37	3.80
HSBC EPS (diluted)	2.50	2.97	3.37	3.80
DPS	0.96	1.16	1.16	1.16
Book value	14.58	15.02	17.79	20.52

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
SSSG	1.0	1.5	2.3	2.5
Growth in POS	10.4	10.5	10.5	10.4
Restaurant Margin - Overall	16.3	16.3	16.4	16.5
Restaurant Margin - KFC	17.4	17.2	17.2	17.2
Restaurant Margin - Pizza Hut	12.8	13.2	13.7	14.2
Effective Tax Rate	27.2	27.2	27.2	27.2

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.2	1.1	1.0	0.9
EV/EBITDA	7.9	7.2	6.6	5.9
EV/IC	2.9	2.9	2.7	2.5
PE*	17.2	14.5	12.8	11.3
PB	3.0	2.9	2.4	2.1
FCF yield (%)	9.7	7.4	7.8	8.5
Dividend yield (%)	2.2	2.7	2.7	2.7

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	200.6
Energy intensity*	332.6
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	25.3
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	12
Average board tenure (years)	5.9
Female board members (%)	50
Board members independence (%)	83.3

Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (USD)	43.04	Free float	100%
Target price (USD)	54.20	Sector	Hotels Restaurants & Leisure
RIC (Equity)	YUMC.N	Country/Region	China
Bloomberg (Equity)	YUMC US	Analyst	Lina Yan, CFA
Market cap (USDm)	15,027	Contact	+852 2822 4344

Price relative

Source: HSBC

Note: Priced at close of 28 May 2026

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Company	Ticker	Recent price	Price date	Disclosure
ANTA SPORTS	2020.HK	75.80	29 May 2026	4, 11
BOSIDENG	3998.HK	4.25	29 May 2026	7
CHINA MENGNIU DAIRY	2319.HK	16.96	29 May 2026	1, 4, 5, 6, 7
CHOW TAI FOOK JEWELLERY	1929.HK	10.99	29 May 2026	6, 7
CR BEVERAGE	2460.HK	8.20	29 May 2026	–
CTG DUTY FREE A	601888.SS	59.58	29 May 2026	4, 11
CTG DUTY FREE H	1880.HK	55.95	29 May 2026	4, 11
GIANT BIOGENE	2367.HK	30.06	29 May 2026	7
GUMING	1364.HK	22.80	29 May 2026	5
H WORLD GROUP	HTHT.OQ	44.89	29 May 2026	12
HAIDILAO INTERNATIONAL	6862.HK	12.76	29 May 2026	7, 11
HAIER SMART HOME A	600690.SS	20.88	29 May 2026	4
HAIER SMART HOME H	6690.HK	19.70	29 May 2026	4
LAOPU GOLD	6181.HK	504.00	29 May 2026	7, 11
LI NING	2331.HK	18.20	29 May 2026	4, 7, 11
MAO GEPING	1318.HK	59.85	29 May 2026	–
MINISO	MNSO.N	12.97	29 May 2026	4, 5, 6, 7
MIXUE	2097.HK	263.80	29 May 2026	11
NONGFU SPRING	9633.HK	42.80	29 May 2026	11
POP MART	9992.HK	173.40	29 May 2026	4, 11
SHENZHOU	2313.HK	46.42	29 May 2026	4, 6, 7, 11
TOPSPORTS INTERNATIONAL	6110.HK	2.80	29 May 2026	4, 7
XTEP INTL	1368.HK	4.24	29 May 2026	6, 7
YUE YUEN INDUSTRIAL	0551.HK	14.67	29 May 2026	4
YUM CHINA	YUMC.N	42.43	29 May 2026	4

Source: HSBC

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