# Shengyi Technology (600183 CH)

## Buy: Better mix, more capacity

**Equities**
Electronic Equipment & Instruments

**China**

- 2Q26 beat on stronger mix and pricing; GPM reached 32.6%
- CCL share gains and price hikes support further margin expansion; PCB growth fuels by capacity expansion and customer diversification
- Maintain Buy; raise TP to RMB191.50 (from RMB83.80)

**2Q26 beat reinforces our AI materials thesis.** Shengyi Technology reported 2Q26 revenue of RMB10.88bn, up 54% y-o-y and 34% q-o-q, and net profit of RMB2.13bn, up 147% y-o-y and 84% q-o-q, ahead of our and consensus expectations. GPM reached 32.6%, driven by a richer high-end CCL/PCB mix and price adjustments. The stock has corrected 17% since July, vs. 24% for the Wind PCB Index. We see its relative resilience reflecting Shengyi's leading position in the global AI-CCL supply chain. We expect the company to remain a key beneficiary of continued AI infrastructure build-out, backed by strong capacity execution and supply chain management. With this report, we also introduce our 2028 estimates.

**CCL pricing power and mix upgrade should drive further margin expansion.** At the high end, Shengyi continues to gain share, and we estimate it has secured a major share in Nvidia's M8-class materials, supporting a rising high-end revenue mix and ASPs. Capacity is expanding in parallel, with Thailand ramping in 2H26 and further high-end capacity planned thereafter. At the lower end, modified FR-4 and conventional FR-4 remain tight as high-end products crowd out standard capacity. Kingboard has issued multiple price hike notices for FR-4-related products this year, amid rising glass-cloth and copper-foil costs and tight supply. We expect Shengyi to follow the pricing trend and pass higher input costs downstream. We expect both mix upgrade and FR-4 price hikes to drive CCL and prepreg GPM higher at 30%/31%/32% in 2026-28e, vs. 24% in 2025.

**PCB growth should accelerate further.** We increase our 2026-27 PCB revenue estimates by 15%/26%. We expect Shengyi Electronics, a key PCB supplier to AWS, to see a stronger ramp in high-value products, as Trainium3 volumes scale through 2H26 helping to mitigate upstream material cost pressure. Capacity is also coming online: Ji'an Phase I has entered trial production, the Thailand plant is scheduled to follow in 2H26, while the Dongguan HDI project is under construction to further strengthen high-end capacity. The additional capacity should support both shipment growth and customer expansion across overseas and domestic ASIC/GPU platforms.

**Maintain Buy; increase TP to RMB191.50 from RMB83.80.** We factor in the above aspects, and increase our 2026/27 EPS estimates by 52%/72%, respectively. We estimate a 2026-28 EPS CAGR of 41% (was 2025-27 EPS CAGR of 35%), above the mid-cycle 2016-21 EPS CAGR of 19%. Compared with the mid-cycle average PE multiple of 22x over 2016-21, our target PE is proportionately adjusted to 47.8x (47.8x = 22x*41%/19%, was 41.0x). Based on our 12-month forward EPS estimate of RMB4.01 (was 2026 EPS estimate of RMB2.04), we derive our target price of RMB191.50 (was RMB83.80), implying c34% upside; we maintain our Buy rating. Volume shipment of Vera Rubin in 4Q26 is a potential share price catalyst. See *page 5* for **key downside risks**.

**MAINTAIN BUY**

| TARGET PRICE (CNY) | PREVIOUS TARGET (CNY) |
|---|---|
| **191.50** | **83.80** |

| SHARE PRICE (CNY) | UPSIDE/DOWNSIDE |
|---|---|
| **143.21** | **+33.7%** |

(as of 14 Aug 2026)

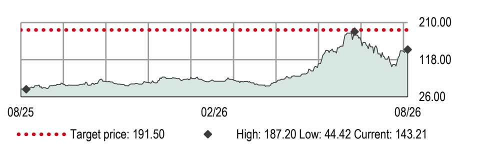
MARKET DATA

| | | | |
|---|---|---|---|
| Market cap (CNYm) | 347,858 | Free float | 100% |
| Market cap (USDm) | 51,598 | BBG | 600183 CH |
| 3m ADTV (USDm) | 1,616 | RIC | 600183.SS |

FINANCIALS AND RATIOS (CNY)

| Year to | 12/2025a | 12/2026e | 12/2027e | 12/2028e |
|---|---|---|---|---|
| HSBC QH EPS | 1.37 | 3.10 | 4.57 | 6.17 |
| HSBC QH EPS prev | 1.45 | 2.04 | 2.66 | na |
| Change (%) | -5.6 | 51.8 | 71.9 | na |
| Consensus EPS | 1.44 | 2.73 | 4.21 | 6.39 |
| PE (x) | 104.4 | 46.2 | 31.4 | 23.2 |
| Dividend yield (%) | 0.8 | 1.9 | 2.8 | 3.7 |
| EV/EBITDA (x) | 66.9 | 33.2 | 23.2 | 17.5 |
| ROE (%) | 21.1 | 43.7 | 59.9 | 73.8 |

52-WEEK PRICE (CNY)




Source: LSEG IBES, HSBC Qianhai Securities estimates

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This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

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# Financials & valuation: Shengyi Technology

**Buy**

## Financial statements

| Year to | 12/2025a | 12/2026e | 12/2027e | 12/2028e |
|---|---|---|---|---|
| **Profit & loss summary (CNYm)** | | | | |
| Revenue | 28,431 | 44,989 | 64,595 | 84,820 |
| EBITDA | 5,182 | 10,566 | 15,258 | 20,321 |
| Depreciation & amortisation | -913 | -1,046 | -1,139 | -1,238 |
| Operating profit/EBIT | 4,269 | 9,521 | 14,119 | 19,083 |
| Net interest | -97 | -100 | -135 | -166 |
| PBT | 4,416 | 9,686 | 14,293 | 19,271 |
| HSBC Qianhai PBT | 4,416 | 9,686 | 14,293 | 19,271 |
| Taxation | -524 | -1,150 | -1,697 | -2,289 |
| Net profit | 3,334 | 7,536 | 11,095 | 14,982 |
| HSBC Qianhai net profit | 3,334 | 7,536 | 11,095 | 14,982 |
| **Cash flow summary (CNYm)** | | | | |
| Cash flow from operations | 5,182 | 10,566 | 15,258 | 20,321 |
| Capex | -2,376 | -2,376 | -2,376 | -2,376 |
| Cash flow from investment | -2,376 | -2,376 | -2,376 | -2,376 |
| Dividends | -2,878 | -6,506 | -9,579 | -12,934 |
| Change in net debt | 366 | 3,565 | 3,290 | 2,336 |
| FCF equity | 2,806 | 8,191 | 12,883 | 17,945 |
| **Balance sheet summary (CNYm)** | | | | |
| Intangible fixed assets | 620 | 594 | 570 | 547 |
| Tangible fixed assets | 9,729 | 11,085 | 12,345 | 13,506 |
| Current assets | 19,389 | 24,188 | 31,082 | 39,203 |
| Cash & others | 1,744 | -1,821 | -5,111 | -7,447 |
| Total assets | 32,770 | 38,763 | 46,772 | 55,921 |
| Operating liabilities | 10,214 | 14,178 | 19,169 | 24,270 |
| Gross debt | 3,646 | 3,646 | 3,646 | 3,646 |
| Net debt | 1,902 | 5,467 | 8,757 | 11,093 |
| Shareholders' funds | 16,724 | 17,754 | 19,270 | 21,318 |
| Invested capital | 17,780 | 23,511 | 29,939 | 36,433 |

## Ratio, growth and per share analysis

| Year to | 12/2025a | 12/2026e | 12/2027e | 12/2028e |
|---|---|---|---|---|
| **Y-o-y % change** | | | | |
| Revenue | 39.4 | 58.2 | 43.6 | 31.3 |
| EBITDA | 88.6 | 103.9 | 44.4 | 33.2 |
| Operating profit | 126.5 | 123.0 | 48.3 | 35.2 |
| PBT | 113.6 | 119.3 | 47.6 | 34.8 |
| HSBC Qianhai EPS | 91.8 | 126.0 | 47.2 | 35.0 |
| **Ratios (%)** | | | | |
| Revenue/IC (x) | 1.7 | 2.2 | 2.4 | 2.6 |
| ROIC | 22.2 | 40.7 | 46.6 | 50.7 |
| ROE | 21.1 | 43.7 | 59.9 | 73.8 |
| ROA | 12.9 | 23.9 | 29.5 | 33.1 |
| EBITDA margin | 18.2 | 23.5 | 23.6 | 24.0 |
| Operating profit margin | 15.0 | 21.2 | 21.9 | 22.5 |
| EBITDA/net interest (x) | 53.3 | 105.6 | 113.4 | 122.1 |
| Net debt/equity | 10.1 | 26.1 | 36.6 | 39.6 |
| Net debt/EBITDA (x) | 0.4 | 0.5 | 0.6 | 0.5 |
| CF from operations/net debt | 272.5 | 193.3 | 174.2 | 183.2 |
| **Per share data (CNY)** | | | | |
| EPS Rep (diluted) | 1.37 | 3.10 | 4.57 | 6.17 |
| HSBC Qianhai EPS (diluted) | 1.37 | 3.10 | 4.57 | 6.17 |
| DPS | 1.20 | 2.68 | 3.94 | 5.32 |
| Book value | 6.88 | 7.31 | 7.93 | 8.78 |

## Valuation data

| Year to | 12/2025a | 12/2026e | 12/2027e | 12/2028e |
|---|---|---|---|---|
| EV/sales | 12.2 | 7.8 | 5.5 | 4.2 |
| EV/EBITDA | 66.9 | 33.2 | 23.2 | 17.5 |
| EV/IC | 19.5 | 14.9 | 11.8 | 9.8 |
| PE* | 104.4 | 46.2 | 31.4 | 23.2 |
| PB | 20.8 | 19.6 | 18.1 | 16.3 |
| FCF yield (%) | 0.8 | 2.4 | 3.7 | 5.2 |
| Dividend yield (%) | 0.8 | 1.9 | 2.8 | 3.7 |

* Based on HSBC Qianhai EPS (diluted)

## ESG metrics

| Environmental Indicators | 12/2025a |
|---|---|
| GHG emission intensity* | 55.7 |
| Energy intensity* | 148.5 |
| $CO_2$ reduction policy | Yes |
| **Social Indicators** | **12/2025a** |
| Employee costs as % of revenues | 10.1 |
| Employee turnover (%) | 19.4 |
| Diversity policy | Yes |

| Governance Indicators | 12/2025a |
|---|---|
| No. of board members | 12 |
| Average board tenure (years) | 5.3 |
| Female board members (%) | 25 |
| Board members independence (%) | 41.7 |

Source: Company data, HSBC Qianhai Securities

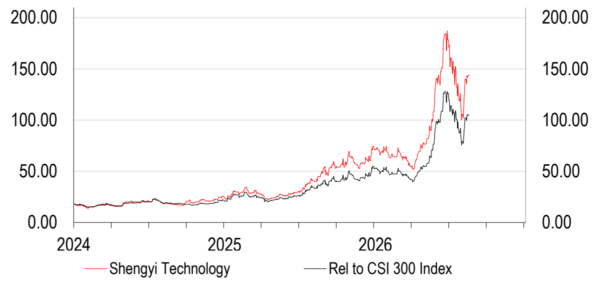
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

## Issuer information

| | |
|---|---|
| Share price (CNY) | 143.21 |
| Target price (CNY) | 191.50 |
| RIC (Equity) | 600183.SS |
| Bloomberg (Equity) | 600183 CH |
| Market cap (USDm) | 51,598 |

| | |
|---|---|
| Free float | 100% |
| Sector | Electronic Equipment |
| Country/Region | China |
| Analyst | Cara Su |
| Contact | +86 21 50662080 |

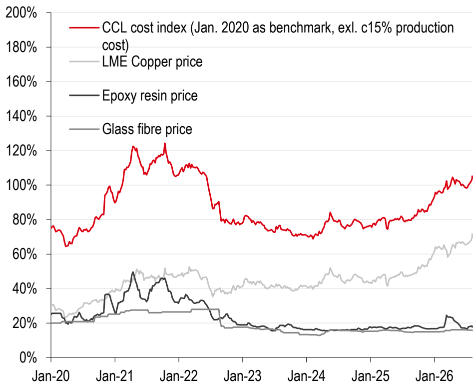
## Price relative




Source: HSBC Qianhai Securities

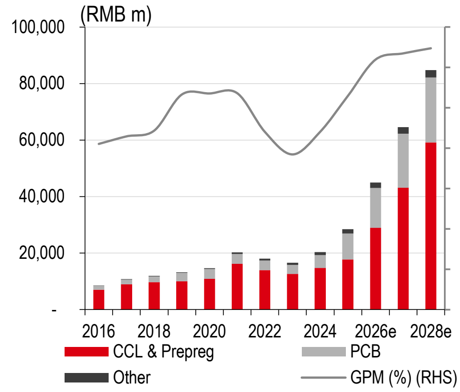
Note: Priced at close of 14 Aug 2026

**Exhibit 1. CCL cost index**



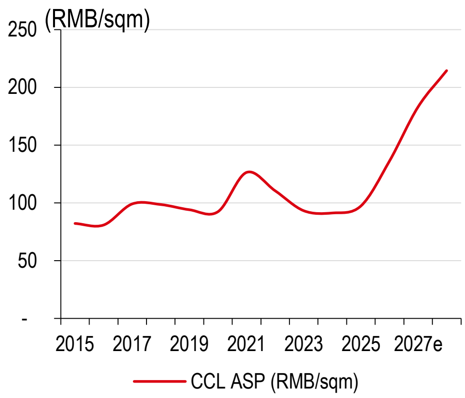

Source: Wind, HSBC Qianhai Securities

**Exhibit 2. Shengyi's revenue and GPM trends**



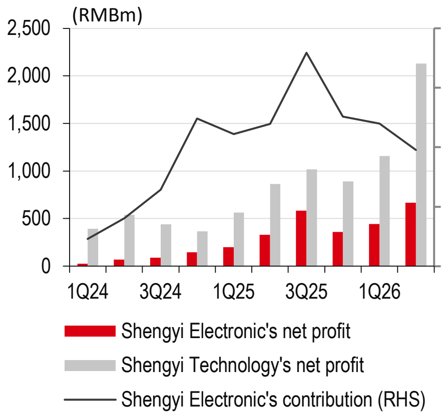

Source: Company data, Wind, HSBC Qianhai Securities estimates

**Exhibit 3. Shengyi's CCL ASP trend**




Source: Company data, HSBC Qianhai Securities estimates

**Exhibit 4. Shengyi Tech and Shengyi Electronics net profit trends**




Source: Company data, HSBC Qianhai Securities

## Earnings estimate revisions

### Exhibit 5. Earnings revisions

| RMBm | 2025a Est. | 2025a Actual | 2025a Diff. | 2026e Old | 2026e New | 2026e Diff. | 2027e Old | 2027e New | 2027e Diff. | 2028e New |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | | |
| CCL & Prepreg | 18,246 | 17,774 | -3% | 22,130 | 28,960 | 31% | 25,850 | 43,153 | 67% | 59,140 |
| PCB | 9,282 | 9,144 | -1% | 12,275 | 14,059 | 15% | 15,123 | 19,078 | 26% | 23,037 |
| Others | 887 | 855 | -4% | 976 | 984 | 1% | 1,074 | 1,082 | 1% | 1,169 |
| **Total revenue** | **28,940** | **28,431** | **-2%** | **35,985** | **44,989** | **25%** | **42,710** | **64,595** | **51%** | **84,820** |
| **Gross profit margin** | | | | | | | | | | |
| CCL & Prepreg | 24.8% | 23.9% | -0.9 ppt | 25.8% | 30.0% | 4.2 ppt | 26.6% | 31.0% | 4.4 ppt | 32.0% |
| PCB | 30.0% | 28.6% | -1.4 ppt | 31.0% | 31.5% | 0.5 ppt | 32.0% | 32.0% | 0.0 ppt | 32.0% |
| Others | 11.3% | 14.9% | 3.6 ppt | 11.3% | 19.5% | 8.2 ppt | 11.3% | 19.5% | 8.2 ppt | 19.5% |
| **Blended GM** | **27.3%** | **26.5%** | **-0.8 ppt** | **28.3%** | **31.0%** | **2.7 ppt** | **29.1%** | **31.7%** | **2.6 ppt** | **32.4%** |
| **Gross profit** | | | | | | | | | | |
| CCL & Prepreg | 4,525 | 4,250 | -6% | 5,710 | 8,688 | 52% | 6,876 | 13,377 | 95% | 18,925 |
| PCB | 2,784 | 2,616 | -6% | 3,805 | 4,429 | 16% | 4,839 | 6,105 | 26% | 7,372 |
| Others | 100 | 128 | 27% | 110 | 192 | 74% | 121 | 211 | 74% | 228 |
| **Total gross profit** | **7,894** | **7,526** | **-5%** | **10,182** | **13,930** | **37%** | **12,449** | **20,501** | **65%** | **27,453** |
| **Operating expense** | | | | | | | | | | |
| Business tax | 174 | 151 | -13% | 217 | 240 | 11% | 257 | 344 | 34% | 452 |
| Sales expenses | 550 | 537 | -2% | 648 | 720 | 11% | 726 | 1,034 | 42% | 1,357 |
| Administrative expenses | 1,158 | 1,088 | -6% | 1,295 | 1,395 | 8% | 1,495 | 2,002 | 34% | 2,629 |
| R&D | 1,447 | 1,450 | 0% | 1,727 | 2,025 | 17% | 1,965 | 2,971 | 51% | 3,902 |
| Asset and credit impairment loss | 150 | 31 | -80% | 150 | 31 | -80% | 150 | 31 | -80% | 31 |
| **Total operating expense** | **3,479** | **3,257** | **-6%** | **4,037** | **4,409** | **9%** | **4,593** | **6,382** | **39%** | **8,371** |
| **EBIT** | **4,415** | **4,269** | **-3%** | **6,145** | **9,521** | **55%** | **7,857** | **14,119** | **80%** | **19,083** |
| **Net income** | **3,532** | **3,334** | **-6%** | **4,965** | **7,536** | **52%** | **6,454** | **11,095** | **72%** | **14,982** |
| **EPS (ordinary shares) (RMB)** | **1.45** | **1.37** | **-6%** | **2.04** | **3.10** | **52%** | **2.66** | **4.57** | **72%** | **6.17** |

Source: Company data, HSBC Qianhai Securities estimates

We increase our net profit estimates by 52%/72% in 2026-27e, mainly because:

- We raise our revenue estimates by 25%/51% for 2026-27e as: 1) we raise our CCL and prepreg revenue estimates by 31%/67% in 2026-27e as we believe the price rise in FR-4 CCL will extend into 2H26 given current supply tightness and raw material price increase. Additionally, we believe Shengyi Technology will benefit from a more favourable CCL product mix driven by the rising demand from AI server markets. 2) We increase our PCB revenue estimates by 15%/26% in 2026-27e, respectively, owing to the increasing demand for high-density and high-layer PCB from AI servers under the continuous CSP capex.
- We increase our 2026-27e blended GPM estimate by 2.7ppt/2.6ppt because we raise our 2026-27e GPM estimates for CCL and prepreg by 4.2ppt/4.4ppt as we believe: 1) Shengyi will benefit from an improving product mix, and 2) Shengyi will be able to pass on the raw material price rise to downstream customers, which will help drive up GPM.
- We increase our 2026-27e total operating expenses by 9%/39% to factor in the higher R&D and selling expenses associated with the larger business scale.

With this report, we introduce our 2028 revenue estimates of RMB84,820m and net profit estimates of RMB14,982m.

**Where do we differ from consensus?**
Our 2026-28e net profit estimates are 25%/26%/28% above consensus, respectively, as we are more optimistic about the CCL business outlook given: 1) the favourable supply-demand dynamics, especially in mid- and low-end CCL and 2) the market share expansions in high-end CCL. Since July, the stock has corrected 17% vs. 24% for the Wind PCB Index. We believe the relative resilience is backed up by its stronger order outlook and pricing power compared to its peers. We believe the market consensus will gradually revise up later.

**Exhibit 6. Our estimate comparison vs consensus**

| | HSBC Qianhai estimates | | | Consensus | | | Difference | | |
|---|---|---|---|---|---|---|---|---|---|
| RMBm | 2026e | 2027e | 2028e | 2026e | 2027e | 2028e | 2026e | 2027e | 2028e |
| Revenue | 44,989 | 64,595 | 84,820 | 40,888 | 55,117 | 68,946 | 10% | 17% | 23% |
| Net profit | 7,536 | 11,095 | 14,982 | 6,033 | 8,801 | 11,662 | 25% | 26% | 28% |

Source: Wind, HSBC Qianhai Securities estimates

### Sensitivity analysis on earnings

We conduct a sensitivity analysis on Shengyi's 2027e net profit to its CCL gross margin and ASP as the segment typically contributes c60% to total revenue. Our analysis shows that if its CCL gross margin is 5ppt higher and the ASP is 5% higher than our current assumptions, its 2027e net profit would be 21% above our estimate.

**Exhibit 7. 2027e net profit sensitivity to CCL segment gross margin and ASP**

| | | CCL segment GPM change | | | | |
|---|---|---|---|---|---|---|
| | | -5.0ppt | -2.5ppt | 0ppt | +2.5ppt | +5.0ppt |
| CCL ASP change | -5.0% | -20% | -12% | -3% | 5% | 13% |
| | -2.5% | -18% | -10% | -2% | 7% | 15% |
| | 0% | -17% | -9% | 0% | 9% | 17% |
| | +2.5% | -16% | -7% | 2% | 10% | 19% |
| | +5.0% | -15% | -6% | 3% | 12% | 21% |

Source: HSBC Qianhai Securities estimates

## Valuation and risks

We continue to value the stock using a PE multiple. We estimate a 2026-28 EPS CAGR of 41% (was 2025-27 EPS CAGR of 35%), above the mid-cycle 2016-21 EPS CAGR of 19%. We keep using 2016-21 as our reference period since it is the previous PCB upcycle, as we believe Shengyi's near-term operation situation will be similar. Compared with the mid-cycle average PE multiple of 22x over 2016-21, our target PE is proportionately adjusted to 47.8x (47.8x = 22x*41%/19%, was 41.0x). Based on our 12-month forward EPS estimate of RMB4.01 (previously 2026 EPS estimate of RMB2.04), we derive our target price of RMB191.50 (previously RMB83.80), implying c34% upside; we maintain our Buy rating. Volume shipment of Vera Rubin in 4Q26 is a potential share price catalyst.

**Downside risks:**

- **Slower-than-expected PCB business growth.** We expect Shengyi's PCB business to be a key growth driver in the coming years, mainly driven by robust demand from AI servers. If Shengyi's PCB shipment growth and market share gains are slower than we expected, our estimates would be negatively affected.
- **Inability to cope with material cost changes.** Raw materials account for a large portion of overall production costs. Shengyi needs to monitor raw material prices closely to ensure it manages its inventory well. If the company fails to do so, this would have a negative impact on its profitability.
- **Intense competition in the industry.** The business segment in which Shengyi operates is extremely competitive. If Shengyi fails to compete well against its current competitors or new entrants, its operations, financial condition, and future growth prospects may be materially affected.

# Disclosure appendix

**Analyst Certification**

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Cara Su

**Important disclosures**

**Equities: Stock ratings and basis for financial analysis**

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**HSBC assigns ratings on the following basis:**

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

**Rating distribution for long-term investment opportunities**

**As of 30 June 2026, the distribution of all independent ratings published by HSBC is as follows:**

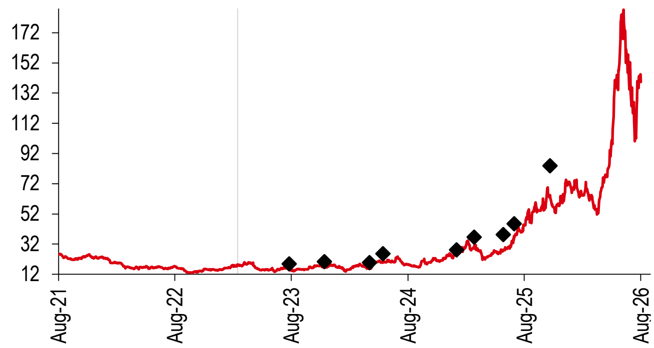
| | | |
|---|---|---|
| **Buy** | 61% | (13% of these provided with Investment Banking Services in the past 12 months) |
| **Hold** | 34% | (10% of these provided with Investment Banking Services in the past 12 months) |
| **Sell** | 5% | (8% of these provided with Investment Banking Services in the past 12 months) |

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at [http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures](http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures).

**Share price and rating changes for long-term investment opportunities**

**Shengyi Technology (600183.SS) share price performance CNY Vs HSBC rating history**




Source: HSBC

**Rating & target price history**

| From | To | Date | Analyst |
|---|---|---|---|
| Hold | Buy | 03 Mar 2023 | Frank He |
| **Target price** | **Value** | **Date** | **Analyst** |
| Price 1 | 18.80 | 11 Aug 2023 | Frank He |
| Price 2 | 20.40 | 29 Nov 2023 | Frank He |
| Price 3 | 19.80 | 19 Apr 2024 | Frank He |
| Price 4 | 25.70 | 31 May 2024 | Frank He |
| Price 5 | 28.20 | 17 Jan 2025 | Frank He |
| Price 6 | 36.70 | 13 Mar 2025 | Frank He |
| Price 7 | 38.20 | 12 Jun 2025 | Frank He |
| Price 8 | 45.50 | 17 Jul 2025 | Frank He |
| Price 9 | 83.80 | 06 Nov 2025 | Frank He |

Source: HSBC

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| Company | Ticker | Recent price | Price date | Disclosure |
|---|---|---|---|---|
| SHENGYI TECHNOLOGY | 600183.SS | 139.41 | 18 Aug 2026 | 7 |

Source: HSBC

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