The 720: APAC Conviction List, Asia Leaders Conference takeaways, Meituan, WUS, BYD, Mizuho, Asics, H-World, China Commodities

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In Focus | APAC Conviction List

APAC Conviction List – Sept update: Adding Kotak Mahindra Bank and NEC. We add Kotak Mahindra Bank and NEC to the APAC Conviction List, while removing Jardine Matheson, Foshan Haitian Flavouring & Food (H), Wuxi AppTec, and Shenzhen Inovance. We expect Kotak to undergo a material re-rating driven by a recovery in unsecured lending and market share gains. For NEC, we forecast operating profit to compound at an 18% CAGR, substantially outpacing the sector average, supported by strong domestic IT and defense demand. *Michael Snaith*

Asia Leaders Conference Takeaways |

Technology & Internet

Meituan – ALC Takeaways: Improving food delivery share; disciplined investments – Buy. Management expects 3Q food delivery unit economics to be impacted by seasonality and a self-initiated strategy to drive higher GTV market share, following positive UE in 2Q supported by higher AOV and lower subsidies. The company anticipates a gradual normalization of in-store competition as aggressive peer subsidies prove unsustainable long-term, while its grocery initiative Xiaoxiang maintains strong growth momentum as a top-two national player. Overseas investments remain disciplined, with Saudi Arabia reaching breakeven and near-term Brazilian expansion focused on Sao Paulo, alongside targeted AI spending to enhance the broader ecosystem. We maintain our 12m TP of HK$123, driven by the company's local services leadership within an enlarged Quick Commerce TAM. *Ronald Keung*

Range Intelligent – ALC Takeaways: Domestic AIDC and Overseas Expansion to Drive Growth – Buy. Management expects domestic AIDC services and overseas expansion to drive quality growth, noting that AIDC revenue surpassed traditional IDC for the first time in 1H26. The company achieved a strong 45% gross margin on its AIDC business by targeting selective, low-risk customers, and may accelerate computing power acquisition in 2H26 depending on pricing and chip availability. Furthermore, management aims to deliver 1GW of overseas capacity across Hong Kong and Batam over the next three to five years using prefabricated modular cabinets, supporting a targeted 30% compound annual growth rate over the next five years. We maintain our 12m TP of Rmb117, driven by rich capacity reserves and full-stack AIDC capabilities. *Timothy Zhao*

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Kakao Corp – ALC Takeaways: Clearer AI milestones and spin-off strategy – Buy. Management outlined a more concrete AI roadmap emphasizing a disciplined rollout, on-device conversational context processing, and vertical partner expansion, which directionally supports our view of Kakao's connection layer advantage. However, with AI monetization still at an early stage, investors will need to see measurable adoption, repeat usage, and completed transactions before assigning greater value to the long-term opportunity. Near-term earnings recovery remains supported by Talk Biz ad momentum, improving platform operating leverage, and portfolio restructuring discipline. 12m TP of W51,000. *Eric Cha*

Bilibili – Multiple Advertising Growth Levers and Enhanced Game Pipeline – Buy. Management highlighted solid advertising momentum driven by healthy user traffic growth and the potential for ad loads to gradually rise from 7% to over 10% longer term. The 2H26 game pipeline is strengthening with the upcoming global launch of self-developed Lumi Master in September, which should contribute to revenue from 4Q26 with relatively high normalized margins. We view the company's disciplined AI investments, efficiency initiatives, and sufficient offshore funding for shareholder returns as key ongoing supports. *Lincoln Kong*

WUS – AI PCB Mix Upgrade and Capacity Expansion – Buy. We remain positive on the company's growth outlook, driven by the ongoing AI infrastructure ramp-up and PCB specification upgrades to support rising computing density and high-speed networking. Management is strengthening capabilities in ultra-high-layer stack-up architecture and HDI technologies, while actively expanding AI PCB production lines in China and ramping up volume production at its certified Thailand facility. Strong R&D commitment and flexible overseas capacity position the company well to capture rising high-end PCB demand. *Verena Jeng*

Kingboard Laminates (Not Covered) – ALC Takeaways: Vertically integrated CCL solution to secure supply. Management is positive on strong copper clad laminate (CCL) demand driving an upward pricing trend, with existing capacity increasingly shifting toward AI-related products. They highlight that the company's vertically integrated supply chain—covering upstream materials like fiberglass fabric, yarn, and copper foil—enables near-full-capacity production and on-schedule delivery amid tight industry supply. To meet rising demand, Kingboard is actively expanding specialty fiberglass yarn and fabric capacity across multiple sites, echoing our positive view on AI-driven specification upgrades and our expectation for the global AI server CCL market to reach US$48bn by 2028E. *Allen Chang*

Autos

BYD – ALC Takeaways: Steady ramp-up of battery capacity with confidence in overseas market beyond 2026 – Buy (on CL). Management remains confident in its overseas sales trajectory and technological leadership, driven by the rollout of new flash-charging models, updated plug-in hybrids, and a strategic shift toward localized manufacturing. The company expects improving margins supported by a better product mix from new models utilizing the second-generation blade battery, a higher share of overseas expansion, and stabilizing raw material costs. To defend against intensifying competition, BYD is prioritizing R&D over price wars and building a high-barrier flash-charging ecosystem, with plans to install 20,000 chargers in China by year-end and 6,000 overseas. 12m TP of Rmb137/HK$134. *Tina Hou*

Consumer

Asics – ALC Takeaways: Capturing Growth Opportunities in China's Wellness Economy – Buy. Management expects China to remain a crucial driver of company-wide earnings expansion, supported by a massive runway for growth and government health-promotion policies. Initiatives are progressing steadily, including a store network expansion from 425 locations in 2025 to 1,000 by 2029, alongside a premiumization strategy focused on global high-value-added products and larger store formats. Results of this strategy shift are already becoming visible, with China orders for Spring/Summer 2027 up 21% year-over-year, driven by strong demand in performance running and sports style categories. We have a 12m TP of ¥6,000. *Sho Kawano*

Galaxy Entertainment Group – Healthy GGR Recovery and Sustained Market Share – Buy. Management noted a sharp recovery in Macau's daily gross gaming revenue run-rate to MOP710-720mn in recent weeks following a temporary World Cup-driven setback, with Galaxy sustaining its GGR market share at roughly 22% in July and August. The 6mn sq ft Phase 4 expansion remains on schedule for FY27 completion, and we expect its rich gaming and non-gaming offerings to support a faster ramp-up than Phase 3. We view the stock's valuation as attractive, supported by a strong free cash flow yield and a recently hiked interim dividend of HK$0.9 per share. *Simon Cheung*

Mao Geping Cosmetics – Skincare growth underpinned by broader product matrix – Buy. We expect 2H26 sales growth to broadly track 1H, with skincare growth increasingly supported by a multi-tiered portfolio rather than relying solely on hero products. Online and offline net profit margins were broadly unchanged versus 1H24, and Douyin ROI remained stable year-over-year. We believe resilient ROI trends indicate healthy new consumer acquisition, while skincare has a buffer to scale up with a broader product matrix. We reiterate our Buy rating as valuation stands attractive. *Valerie Zhou*

H World Group – New signings on track amid resilient leisure demand – Buy. We note resilient leisure but sluggish business travel demand year-to-date, with mature hotels facing intense competition and same-hotel RevPAR down 3% year-over-year in 2Q26. Management remains comfortable with its full-year gross opening target of 2,200 to 2,300 hotels, supported by steady network expansion and a focus on quality upgrades. The company is leveraging its centralized procurement platform to support franchisees operationally, while gradually expanding into Southeast Asia via an asset-light model. We maintain our Buy rating with 12m TPs of US$65.4 for ADRs and HK$51 for H-shares. *Simon Cheung*

Laopu Gold – Agile Strategy Amid Gold Volatility. We note that management is adopting a more agile approach to inventory and promotions to navigate recent gold price volatility and a lighter second quarter. While July and August remained off-peak, the rollout of discounts supported a recovery in consumer sentiment that correlated with gold price movements, and gross margins are expected to reach 40%. We expect the company to continue upgrading its store network and expanding its high-growth gold ornament category, with plans to enter Western markets next year. We maintain our 12m TP of HK$530. *Xinyu Ruan*

Eastroc Beverage – Upside in New Categories and Channels – Buy. We expect bottom-line growth to outpace revenue growth in the second half of 2026, driven by gross margin expansion from PET cost lock-ins and lower operating expenses. Although

unfavorable weather continues to impact near-term sell-through, we see all categories outperforming the industry, with significant upside remaining in fast-scaling new products like Guozhicha and sugar-free tea. We believe broader consumer penetration for energy drinks and further expansion into value retailer and catering channels will help mitigate weather drags. We maintain our 12m TP of Rmb155.4. *Leaf Liu*

APR – Overseas Scale-Up and Channel Broadening – Buy. We believe the investment case remains centered on a widening overseas revenue base, a broader offline retail footprint, and a marketing model that continues to scale efficiently. Management is focused on deepening US penetration across online and mass offline channels while transitioning European distribution toward a more direct model to improve long-term unit economics. We think the current valuation underappreciates this multi-year offline retail runway and the embedded optionality in new device and injectable categories. We maintain our 12m TP of W520,000. *Eric Cha*

Financials

Mizuho – ALC Takeaways: Continued tailwinds and competitive advantage - Buy (on CL). Management highlighted a positive macro shift in Japan's financials sector, driven by corporate governance reforms, inflation, and a rising interest rate environment. Management expects accelerating loan growth fueled by large corporates' AI/IT capex and working capital needs, supported by low loan-deposit ratios and well-controlled deposit betas. The company emphasized its competitive advantage as the only megabank fully owning its investment banking function, noting that its 12% ROE target is based on a 0.75% policy rate, with a 0.6-0.7 percentage point ROE increase expected for every 25bp rate hike. We have a 12m TP of ¥9,300. *Makoto Kuroda*

Standard Chartered – Wealth momentum continues across Asia – Buy. We see continued momentum across the wealth franchise, with growth accelerating in key markets like Hong Kong, Singapore, and mainland China, unaffected by recent Chinese cross-border regulatory developments. Higher interest rates remain broadly supportive of net interest income, though deposit and mortgage pricing competition persists. The bank remains focused on reducing its cost-to-income ratio through regional integration and digitization, while asset quality shows no material concerns. We maintain our Buy rating with 12m TPs of 2660p for STAN.L and HK$276 for 2888.HK. *Melissa Kuang*

Shinhan Financial Group – Non-Bank Uplift to Drive ROE – Buy. We expect the next leg of group ROE expansion to be driven by non-bank improvements, particularly through securities revenue growth and cost restructuring at Shinhan Card. Bank profitability should also improve gradually, supported by cost discipline, net interest margin expansion in the second half of 2026, and credit-cost normalization. As ROE rises toward the 12% target relative to sustainable risk-weighted asset growth, we see shareholder returns moving meaningfully higher from current levels. We maintain our 12m TP of W123,000. *Sinyoung Park*

Axis Bank – Core Earnings Growth to Accelerate – Buy. Management reit
medium-term guidance to deliver loan growth at 300 bps above system
near-term acceleration led by profitable corporate opportunities and a
toward retail expected in F28. Adjusted for excess liquidity build-up an
FCNR-B deposit loans, the bank confirmed that net interest margins hav
should improve alongside a shift toward retail lending. We remain posit



quality remains benign and core revenue growth is expected to outpace cost growth. *Sumeet Kariwala*

Healthcare

Shionogi – Steady progress toward sustainable growth – Buy. We expect favorable medium- to long-term earnings driven by the market penetration of long-acting formulations in the HIV franchise and contributions from newly acquired businesses. Although a temporary flattening of growth is expected due to the loss of exclusivity for dolutegravir, we anticipate a return to revenue growth as the company accelerates development of next-generation integrase inhibitors. Furthermore, recent acquisitions of JT Group's former pharmaceutical business and the edaravone business strengthen the domestic foundation and build a US rare disease franchise. We maintain our Buy rating and 12m TP of ¥3,500. *Akinori Ueda*

Themes in Play | Singapore Equities, Australia earnings season, China Commodities

Singapore Equities – The Next Chapter for Growth and Reform. We highlight key takeaways from our Singapore Equities panel, where management teams emphasized sustaining equities reform, unlocking shareholder value through disciplined capital allocation, and positioning for long-term structural growth. SGX is focused on attracting quality listings and deepening liquidity, while CapitaLand Investment is pivoting away from non-core segments to drive double-digit ROE and target S$200b in funds under management by 2028. ST Engineering aims to deliver net profit growth exceeding revenue growth by up to 5ppts over 2025-29, supported by defense and smart city investments. *Xuan Tan*

Australia – FY26 Earnings Wrap: Better than feared. We note that FY26 results reflected better-than-feared domestic conditions, with revenue growing 2% on average over 2H26 and margins stabilizing after three years of decline. While cost inflation was widely cited across labor, fuel, and freight, efficiency initiatives largely mitigated the impact, leading to upside surprises in cost performance. Discretionary retail remains a pain point as house prices correct, though travel and supermarkets continue to see resilient household prioritization. Furthermore, management teams are exercising capital discipline in an uncertain environment, with overall cash spend down and a notable $7bn in buybacks announced over August. *Matthew Ross*

China Commodities – Base metals 1H26 earnings review and rating changes. We revise our 2026-27E earnings by -54% to +30% across our base metals coverage following mostly below-expectation 1H26 results for copper, aluminum, and gold. We downgrade Zhaojin to Neutral with a 12m TP of HK$21.5 due to lower self-mined gold production, and downgrade GEM to Sell with a 12m TP of Rmb5 due to weaker nickel profits from sustained high sulfur prices. Conversely, we upgrade Ganfeng-H to Neutral with a 12m TP of HK$46 as the share price factors in lithium price corrections, and upgrade Huayou Cobalt to Neutral with a 12m TP of Rmb42 on improving ternary battery material margins. *Trina Chen*

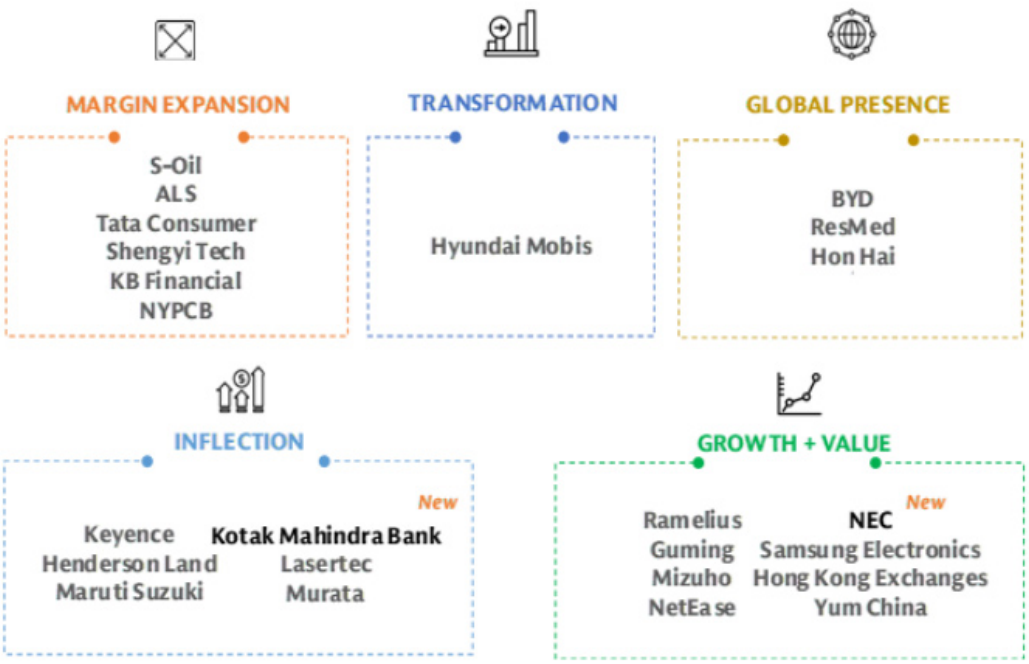
China Commodities – Bulk commodities 1H26 earnings review and rating changes. We expect depressed margins to persist in the second half of 2026 for cement, steel, and paper, while we continue to favor coal given its solid demand outlook and tightened safety measures. We downgrade CNBM to Neutral with a 12m TP of HK$3.2, driven by lower unit profit assumptions in cement and weaker gypsum sales amid construction

demand weakness. We also downgrade CRBMT to Sell with a 12m TP of HK$0.8, as we see further valuation downside given the extended period of poor earnings and depressed unit profits. We maintain our Buy ratings on Chinacoal and Conch. *Trina Chen*

China Macro | RMB

China Macro – Why Beijing may favor gradual RMB appreciation. We expect Chinese policymakers to favor a gradual CNY appreciation against the USD of 3-5% per year, forecasting USDCNY to reach roughly 6 at end-2028 and 5.50 at end-2031. We believe this moderate pace balances Beijing's objectives of expanding global manufacturing share, achieving technological self-reliance, and internationalizing the RMB without eroding real trade-weighted competitiveness. This trajectory is supported by our expectations for a 1% annual depreciation in the broad USD and China's persistent negative inflation differential versus trading partners. Furthermore, steady appreciation helps offset negative rate differentials against the US, boosting the appeal of RMB-denominated assets while potentially easing foreign tariff pressures. *Andrew Tilton*

Graphic language | APAC CL - Anatomy of the List



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