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China Equity Strategy | Asia Pacific

Focus List Changes – China/HK and China A-share Thematic

We add Bank of China (3988.HK) to our China/HK Focus List, Bank of Ningbo (002142.SZ) to our China A-share Thematic Focus List, and remove NAURA Technology (002371.SZ) from both lists.

Adding Bank of China (3988.HK) and Bank of Ningbo (002142.SZ):

China, given:

- He expects BOC to sustain healthy revenue and earnings growth, supported by a stabilizing NIM and resilient offshore margins.
- BOC is well positioned to capture incremental opportunities from cross-border business growth and Chinese enterprises' overseas expansion, leveraging its extensive global network and international franchise.
- Its offshore exposure provides greater earnings resilience relative to peers as cross-border financial activity continues to recover.
- The stock offers an attractive 4.9% 2026E dividend yield, which should continue to underpin shareholder returns.
- Relatively low ownership by major insurers could provide additional valuation support as institutional demand for high-yield financials increases.

...and also OW on Bank of Ningbo, given:

- Bank of Ningbo is best positioned among China banks to benefit from the gradual positive development loop in China's financial industry. Richard believes the bank has the right culture, strategy, scale, and regional exposure to continue gaining market share.
- He expects Bank of Ningbo to sustain above-peer loan growth of around 15%, significantly ahead of industry loan growth of ~6%, supported by its strong franchise and execution capabilities.
- Its differentiated product and service offerings support superior risk-adjusted loan yields, which should drive an earlier recovery in loan repricing power and NIM relative to peers.
- Valuation remains attractive at 0.93x 2026E P/B, in our view, given the bank's double-digit ROE and earnings growth profile.
- Richard maintains an OW rating and reiterates Bank of Ningbo as the Top Pick within the China banking sector.

For more details, please see:

- China Banks: 2Q26 Wrap: Accelerated profit growth for SOE banks, with divergence among mid-sized banks (30 Aug 2026);

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Exhibit 1 : China/HK Focus List Changes

Focus List Changes				
	Company Name	Market	Sector	Ticker
	China/HK Focus List			
Add	Bank of China Limited	China	Financials	3988.HK
Remove	NAURA Technology Group Co Ltd	China	Information Technology	002371.SZ
	China A-share Thematic Focus List			
Add	Bank of Ningbo Co. Ltd	China	Financials	002142.SZ
Remove	NAURA Technology Group Co Ltd	China	Information Technology	002371.SZ

investors should be aware that the firm may have a conflict of

Research as only a single factor i
decision.
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- Bank of Ningbo Co. Ltd: Revenue and profit growth further accelerated in 2Q26; still our Top Pick (19 Aug 2026);
- China Financials: Further de-leveraging or positive development loop? How to invest? (9 Jul 2026)

We remove Naura Technology (002371.SZ) from our China/HK Focus List and China A-share Thematic Focus List.

Focus List and Performance

Exhibit 2:

Company Name	Ticker	Market	Sector
Alibaba Group Holding	BABA.N	China	Consumer Discretionary
Bank of China Limited	3988.HK	China	Financials
China Petroleum & Chemical Corp.	0386.HK	China	Energy
China Shenhua Energy	1088.HK	China	Industrials
Contemporary Amperex Technology Co. Ltd.	300750.SZ	China	Health Care
GigaDevice Semiconductor Beijing Inc	603986.SS	Hong Kong	Financials
HK Exchanges & Clearing	0388.HK	Hong Kong	Communication Services
HKT Trust and HKT Ltd.	6823.HK	China	Industrials
Jiangsu Zhongtian Technology Co. Ltd.	600522.SS	China	Financials
MiniMax	0100.HK	China	Information Technology
NARI Technology	600406.SS	China	Industrials
Ping An Insurance Group Co of China Ltd	2318.HK	China	Materials
Sinoma Science & Technology Co. Ltd.	002080.SZ	China	Communication Services
Zijin Mining Group	2899.HK	China	Materials

Exhibit 3:

Company Name	Ticker	Market	Sector
Bank of Ningbo Co. Ltd	002142.SZ	China	Financials
Contemporary Amperex Technology Co. Ltd.	300750.SZ	China	Industrials
GigaDevice Semiconductor Beijing Inc	603986.SS	China	Information Technology
Hongfa Technology Co Ltd	600885.SS	China	Industrials
Jiangsu Zhongtian Technology Co. Ltd.	600522.SS	China	Industrials
NARI Technology	600406.SS	China	Industrials
Ping An Insurance Group Co of China Ltd	601318.SS	China	Financials
Sinoma Science & Technology Co. Ltd.	002080.SZ	China	Materials
Zijin Mining Group	601899.SS	China	Materials

Exhibit 4:

Company Name	Ticker	Rating	Market	GICS Sector	Mkt Cap (US$bn)	Date Added	Total US$ Returns Since Added	12M Total Return Perf.		Last Price (US $)	Upside to Target Price	MS P/E 2026E	MS P/E 2027E	MS P/B 2026E	MS ROE 2026E	MS Div. Yld 2026E	MS P/Sales 2026E	Analyst
Alibaba Group Holding	BABA.N	OW	China	Consumer Discretionary	268.7	24-Feb-25	-13.6%	-34.1%	✓	108.5	65.8%	22.6x	23.3x	1.6x	7.0%	-	1.9x	Yu, Gary
Bank of China Limited	3988.HK	OW	China	Financials	270.6	21-Sep-26	NA	40.3%	✓	0.8	12.5%	6.9x	6.5x	0.6x	8.5%	4.9%	2.6x	Xu, Richard
China Petroleum & Chemical Corp.	0386.HK	OW	China	Energy	87.9	2-Mar-26	-17.1%	9.8%	✓	0.6	54.0%	8.0x	5.8x	0.5x	6.8%	9.1%	0.2x	Lu, Jack
China Shenhua Energy	1088.HK	OW	China	Energy	136.7	25-Mar-26	-2.9%	21.5%	✓	5.7	9.0%	12.6x	13.1x	1.7x	13.8%	6.0%	2.3x	Yang, Hannah
Contemporary Amperex Technology Co. Ltd.	300750.SZ	OW	China	Industrials	218.5	10-Mar-24	105.4%	-17.1%		45.0	97.3%	14.5x	11.1x	3.6x	26.0%	3.4%	2.4x	Lu, Jack
GigaDevice Semiconductor Beijing Inc	603986.SS	OW	China	Information Technology	36.8	2-Mar-26	26.4%	98.6%	✓	57.9	93.0%	11.2x	8.6x	6.0x	53.8%	2.7%	6.4x	Yen, Daniel
HK Exchanges & Clearing	0388.HK	OW	Hong Kong	Financials	63.0	24-Feb-25	19.6%	-12.1%	✓	49.8	37.6%	24.7x	23.3x	8.1x	32.8%	3.6%	15.2x	Xu, Richard
HKT Trust and HKT Ltd.	6823.HK	OW	Hong Kong	Communication Services	12.0	24-Mar-21	56.1%	13.0%	✓	1.6	12.5%	17.0x	16.3x	2.6x	15.4%	6.8%	2.5x	Tang, Tom
Jiangsu Zhongtian Technology Co. Ltd.	600522.SS	OW	China	Industrials	18.5	25-Mar-26	32.5%	132.1%	✓	5.4	48.3%	19.1x	14.7x	2.9x	15.1%	1.7%	2.0x	Hou, Eva
MiniMax	0100.HK	OW	China	Information Technology	11.3	12-Aug-26	-28.7%	#N/A	✓	36.8	211.8%	-14.7x	-16.2x	5.2x		-	22.7x	Yu, Gary
NARI Technology	600406.SS	OW	China	Industrials	26.3	13-Jun-19	142.2%	0.7%	✓	3.3	46.0%	18.8x	16.6x	3.1x	16.4%	2.8%	2.4x	Hou, Eva
Ping An Insurance Group Co of China Ltd	2318.HK	OW	China	Financials	29.3	2-Dec-25	-2.4%	0.5%	✓	6.8	65.9%	5.4x	5.0x	0.7x	15.0%	6.3%	0.8x	Xu, Richard
Sinoma Science & Technology Co. Ltd.	002080.SZ	OW	China	Materials	14.7	12-Jan-26	60.7%	62.1%	✓	8.9	-5.9%	44.1x	32.6x	4.6x	10.5%	0.6%	2.7x	Hou, Eva
Zijin Mining Group	2899.HK	OW	China	Materials	120.7	14-Nov-22	255.8%	20.9%		4.3	80.1%	10.1x	8.9x	3.1x	30.6%	2.5%	1.7x	Zhang, Rachel

+101.9% (vs MSCI China Index total return of +40%), and the total return for last 12M is 14.8% (vs MSCI China Index total return of -6.1%). This assumes the Focus List constitutes an equal-weighted portfolio, rebalanced whenever positions are added or subtracted. Results shown represent total absolute return (including dividends) and exclude brokerage commissions. These figures are not audited. Past performance is no guarantee of future results. (X) indicates stock has outperformed MSCI China Index since inclusion in the Focus List.

Exhibit 5:

Company Name	Ticker	Rating	Market	GICS Sector	Mkt Cap (US$bn)	Date Added	Total US$ Returns Since Added	12M Total Return Perf.		Last Price (US $)	Upside to Target Price	MS P/E 2026E	MS P/E 2027E	MS P/B 2026E	MS ROE 2026E	MS Div. Yld 2026E	MS P/Sales 2026E	Analyst
Bank of Ningbo Co. Ltd	002142.SZ	OW	China	Financials	34.1	18-Jun-26	15.3%	32.4%	✓	5.2	39.6%	7.2x	6.2x	0.9x	12.9%	3.9%	2.8x	Xu, Richard
Contemporary Amperex Technology Co. Ltd.	300750.SZ	OW	China	Industrials	271.3	10-Mar-24	105.4%	-17.1%	✓	45.0	57.0%	14.6x	11.2x	3.6x	26.0%	3.4%	3.0x	Lu, Jack
GigaDevice Semiconductor Beijing Inc	603986.SS	OW	China	Information Technology	39.0	2-Mar-26	26.4%	98.6%	✓	57.9	91.1%	11.2x	8.6x	6.0x	53.8%	2.7%	6.8x	Yen, Daniel
Hongfa Technology Co Ltd	600885.SS	OW	China	Industrials	7.5	16-Apr-24	82.7%	29.3%	✓	5.1	39.0%	23.0x	17.7x	3.5x	15.1%	1.0%	2.3x	Zhong, Sheng
Jiangsu Zhongtian Technology Co. Ltd.	600522.SS	OW	China	Industrials	17.0	25-Mar-26	32.5%	132.1%	✓	5.4	59.3%	19.1x	14.8x	2.9x	15.1%	1.6%	1.8x	Hou, Eva
NARI Technology	600406.SS	OW	China	Industrials	28.0	13-Jun-19	142.2%	0.7%	✓	3.3	37.7%	18.9x	16.6x	3.1x	16.4%	2.8%	2.6x	Hou, Eva
Ping An Insurance Group Co of China Ltd	601318.SS	OW	China	Financials	143.8	12-Jan-26	-17.0%	0.8%	✓	8.0	40.7%	6.4x	5.9x	0.9x	0.2x	5.3%	0.9x	Xu, Richard
Sinoma Science & Technology Co. Ltd.	002080.SZ	OW	China	Materials	12.5	17-Nov-25	80.8%	62.1%	✓	8.9	12.2%	44.2x	32.7x	4.6x	10.5%	0.6%	2.3x	Hou, Eva
Zijin Mining Group	601899.SS	OW	China	Materials	134.7	28-Nov-22	241.9%	27.3%	✓	4.7	68.3%	11.0x	9.6x	3.4x	30.6%	2.3%	1.9x	Zhang, Rachel

Exchange Composite Index total return is 70.4%), and the total return for last 12M is 21.6% (vs Shanghai Stock Exchange Composite Index total return is 8.5%). This assumes the group of selected stocks constitutes an equal-weighted portfolio, rebalanced whenever positions are added or subtracted. Results shown represent total absolute returns (including dividends) and exclude brokerage commissions. These figures are not audited. Past performance is no guarantee of future results. Tick-mark indicates stock has outperformed Shanghai Composite Index since inclusion in the Focus List.