China Power Equipment

Downgrading the sector on trade concerns and looser supply

Equities

Asia
Utilities

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We cut 2026-28E earnings by 3-66% and price targets by 38-67% across sector

The sector has fallen 30-50% from this year's highs, for two reasons: 1) positioning, as the short leg of the AI trade; and 2) fundamentals, as the global transformer and gas turbine shortage has eased faster than we and the market expected. We see further downside for exporters, with share and margins under pressure from 2028-29E on more Western capacity and rising trade risk in Europe. On domestic names, we see the sudden slowdown in grid capex as a concern, while we believe coal-fired equipment demand could hold up better than the market fears. We downgrade Sieyuan, Huaming, Yingliu, Sanxing and Willfar from Buy to Neutral; Harbin, Dongfang and NARI remain Buy. We prefer downstream IPPs like CGN power and CR Power with more defensive earnings.

Exporters: shortage eases, and Europe could follow the US on trade restrictions

We see market share and margin pressure from 2028-29E for two reasons. 1) while shortage in transformers and gas turbines still exist, the level of shortage has incrementally turned less severe; Chinese suppliers as the marginal supplier in this cycle, could be the first to lose share in our view. 2) Regulatory overhang in the EU: China's share of transformer supply could approach 40-50% market share by 2028-29E per our estimates, and and there is the potential that EU regulation may require local production, which could impact margins or minority ownership once this threshold is met. Consensus still expect ~40-50% overseas earnings growth for Sieyuan in 2026-27E, which we think may not hold.

Domestic: sudden grid capex slowdown is a concern, coal-fired demand holds

In grid, national grid investment growth slowed to about 1% YoY in 7M26, slowed significantly compared to 38% YoY in 5M26, with tenders deferred at both grids. The five-year plans are unchanged, so we believe tenders would eventually return, but with no concrete timeline announced. We see an option value once tender resumes in 2H26, but doesn't factored into our base case scenario. We expect coal-fired equipment demand of around 50GW a year in 2026-30E, above the market's assumption of a decline after the 2026 peak, on replacement and export demand.

Valuations: our preference order is IPPs > domestic > exporters

We cut price targets across the sector on lower target multiples, and on earnings cuts for the exporters and grid names. Exporters have de-rated to 30x forward PE on average, around their historical average and at a lower premium to global peers; our estimates are 5-16% below consensus in 2027-28E. Domestic names trade more than 1SD below their historical PE, and our new price targets imply 50% upside for Harbin and 20-30% for Dongfang and NARI. We prefer downstream IPPs like CGN power and CR Power, which are more defensive and with potential upside from increase in power tariff.

Figure 1: China power + grid equipment sector valuation

Company	Ticker	Old Rating	New Rating	Old price target (LC)	New Price target (LC)	Current price (LC)	Upside to PT	EPS change			EPS CAGR	P/E (X)			P/B (X)			ROE (%)			Dividend yield		
								2026E	2027E	2028E	2026-28E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Export driven power grid equipment																							
Sieyuan Electric	002028.SZ	Buy	Neutral	230.00	142.00	138.00	3%	-3%	-6%	-18%	26%	27.6	20.9	17.5	5.6	4.5	3.7	23%	24%	23%	1%	1%	1%
Huaming Power Equipment	002270.SZ	Buy	Neutral	43.00	18.00	18.35	-2%	-14%	-22%	-30%	15%	21.2	18.4	16.0	4.8	4.4	4.0	24%	25%	26%	4%	4%	5%
Anhui Yingliu Electromechanical	603308.SS	Buy	Neutral	100.00	44.00	43.41	1%	-28%	-25%	-22%	51%	59.7	35.7	26.0	5.4	4.8	4.1	9%	14%	17%	0%	1%	1%
Simple Average							**1%**	**-15%**	**-18%**	**-23%**	**31%**	**36.2**	**25.0**	**19.8**	**5.3**	**4.6**	**3.9**	**19%**	**21%**	**22%**	**2%**	**2%**	**2%**
Domestic focus power grid equipment																							
NARI Technology	600406.SS	Buy	Buy	42.00	27.00	22.05	22%	-11%	-18%	-24%	13%	20.3	18.0	16.0	3.1	2.9	2.7	16%	17%	17%	3%	3%	4%
Ningbo Sanxing Medical Electric	601567.SS	Buy	Neutral	39.10	14.00	14.27	-2%	-58%	-63%	-66%	23%	19.2	15.5	12.6	1.7	1.6	1.4	9%	10%	12%	3%	4%	4%
Willfar Information Technology	688100.SS	Buy	Neutral	64.00	25.00	24.67	1%	-29%	-32%	-35%	26%	19.3	15.3	12.1	3.1	2.7	2.3	17%	19%	21%	2%	3%	3%
Simple Average							**7%**	**-33%**	**-37%**	**-42%**	**21%**	**19.6**	**16.3**	**13.6**	**2.6**	**2.4**	**2.1**	**14%**	**15%**	**17%**	**3%**	**3%**	**4%**
Power Equipment OEMs																							
Dongfang Electric-A	600875.SS	Buy	Buy	62.00	32.00	24.42	31%	4%	-4%	-2%	32%	16.0	12.1	9.1	1.7	1.6	1.4	11%	14%	16%	3%	4%	5%
Dongfang Electric Corporation	1072.HK	Buy	Buy	68.00	26.00	19.20	35%	-8%	-18%	-15%	32%	10.9	8.1	6.1	1.2	1.1	1.0	11%	14%	16%	5%	6%	8%
Harbin Electric Company	1133.HK	Buy	Buy	45.00	21.90	14.05	56%	11%	4%	2%	23%	7.2	5.7	4.7	1.3	1.1	1.0	20%	21%	22%	5%	7%	10%
Simple Average							**41%**	**2%**	**-6%**	**-5%**	**29%**	**11.4**	**8.6**	**6.7**	**1.4**	**1.3**	**1.1**	**14%**	**16%**	**18%**	**4%**	**6%**	**8%**

Source: Reuters, UBS estimates. Data as of 18/09/2026

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UBS Research THESIS MAP	MOST FAVORED	LEAST FAVORED
	Harbin Electric, Dongfang Electric, NARI	Sieyuan, Huaming, Yingliu, Willfar, Sanxing

PIVOTAL QUESTIONS

Q: Does the global transformer and gas turbine shortage get incrementally less severe?

Yes. US large power transformer capacity could reach around 1.7x 2023 levels by 2027E and 3x by 2030E, and the new capacity due online in 2026-28E is about 60% higher than what we expected a year ago. In gas turbines, OEM capacity rises from 54GW in 2025 to 95GW by 2030E, and new entrants and fuel cells add supply the market has not counted. While the shortage still exist, we believe the level of shortage has incrementally become less severe. We expect Chinese suppliers, as the marginal supplier, to lose share first, with pressure on orders from 2028E.

Q: Is the weak 1H26 grid tender a demand signal or a timing signal?

Timing, in our view, but with no visibility. National grid investment growth has slowed from 38% in the year to May to about 1% in the year to July, and tenders were deferred at both grids. The five-year plans are unchanged, so tenders should return in our view; a 2H26 catch-up would put State Grid tenders at around Rmb64bn, 28% above 2H25, we treat this as a upside scenario.

Q: Does Chinese thermal equipment demand decline after the 2026 peak in new build?

No. We expect around 50GW a year of demand in 2026-30E, against the market's view that demand follows new build down to 20GW a year. Two policy targets, a 70% share for 600MW-class units by 2030 and a 15ppt rise in benchmark-efficiency capacity by 2028, imply 17GW a year of replacement and 31GW of upgrade demand, and Belt and Road exports add 4-7GW a year at higher margins.

WHAT'S PRICED IN

The domestic and grid names trade about 1SD below their historical fwd PE, which we think prices in a declining coal order book and a weak grid year but not the policy-driven replacement demand or a tender catch-up. The exporters are back at around their historical average fwd PE, which we think prices in the US restrictions and a less severe shortage but not the EU regulatory overhang.

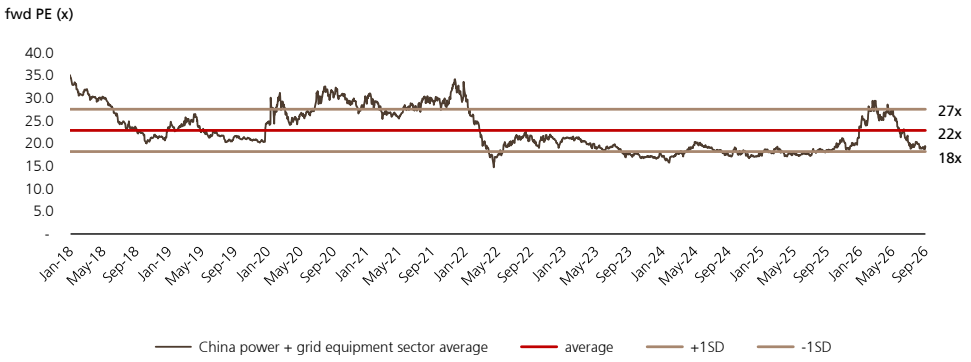
UBSVIEW

We cut 2026-28E earnings by 3-66% and price targets by 38-67% across the sector. Exporters face share and margin pressure from 2028-29E on more Western capacity and rising EU procurement risk, and we downgrade Sieyuan, Huaming and Yingliu to Neutral. Domestic coal-fired equipment demand could hold up better than the market assumes, but the slowdown in grid capex is a concern, and we downgrade Sanxing and Willfar to Neutral. We keep Buy on Harbin, Dongfang and NARI, and prefer downstream IPPs like CGN Power and CR Power as the defensive way to own the theme.

EVIDENCE

1) Western transformer OEMs announced new expansions in late 2025, leading to a shortage less severe than we initially expected. 2) China's share of EU liquid transformer imports rose from 1.5% in 2022 to around 15% in 2025E, and extrapolating the trend reaches 33% in 2028E and 43% in 2029E, close to the 40-50% procurement thresholds. 3) The EU trade commissioner has asked Beijing for concrete steps on the trade gap by October and proposed a diversification rule for critical imports. 4) Harbin's 1H26 net profit rose 63% and Dongfang's coal-fired equipment revenue rose 16%. 5) State Grid's backbone tenders were down 10% in the first three batches.

Figure 2: China power + grid equipment sector valuation



Source: Reuters, UBS estimate. Data as of 18/09/2026

Power equipment exporter: More competition and more geopolitical risk than the market expects

We think the 30-50% share price correction in the export names reflects 1) a looser-than-expected equipment shortage and 2) the US import restrictions on transformers in August.

Currently, we believe market consensus still assumes the shortage could persist, with Sieyuan's expected overseas order growth at around 40-50% in 2026-27E.

However, we expect exporters to see market share and margin pressure from 2028-29E for two reasons: **1) more competition** from Western capacity expansion, new entrants and new technologies. Chinese suppliers, as the marginal supplier, could be the first to lose share; and **2) more geopolitical risk in Europe**, where China's share of EU transformer supply could approach the 40-50% procurement thresholds by 2028-29E, which could require local production at higher cost or local majority ownership with lower control and attributable profit for the Chinese supplier.

1) More competition: the shortage story has changed versus 1 year ago

Transformers: demand is still rising, but supply is rising faster, so the shortage is less severe than we thought

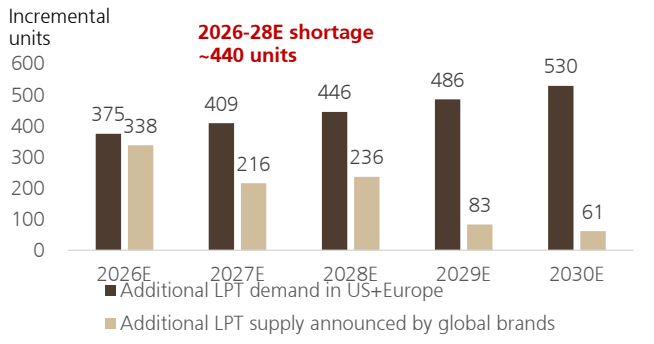
The transformer shortage is not going away, but it is clearly less severe than it looked a year ago.

We saw demand in the US and Europe continued rising, yet the wave of Western capacity announced since late 2025 is now landing faster than demand grows, and that is what changes the demand/supply balance.

We think the market already senses this loosening but has not put a number on it; our bottom-up estimates suggest the change is large enough to matter for the marginal supplier.

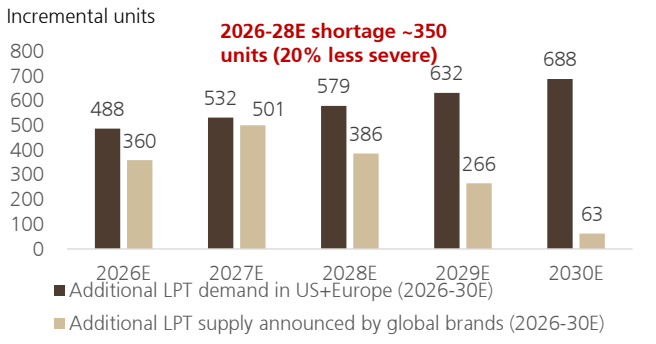
We now expect the cumulative US and EU large power transformer shortfall over 2026-28E at around 350 units, around 20% smaller than the 440 units in our previous estimates (Figure 3vs Figure 4).

Figure 3: US + EU large power transformer supply-demand balance - previous 2025 estimates



Source: Company data, UBS estimates

Figure 4: US + EU large power transformer supply-demand balance - new estimates



Source: Company data, UBS estimates

The narrowing is most visible in 2027E. As shown in Figure 3, additional demand of 409 units against announced supply of 216 units implied a gap of around 190 units; in Figure 4, the gap shrinks to around 30 units as supply rises to 501 units while demand rises to 532 units.

The gap re-widens in 2029-30E in both charts as announced capacity thins out, but not necessarily imply the shortage will widen again.

Our estimates are derived from incremental large power transformer demand in the US and Europe, aggregated from utility capex plans and hyperscaler capex, against incremental supply announced by Western and Korean suppliers, with the difference between the two being the shortage.

On demand, we revised up 2026-28E by around 30%, supported by: 1) US utilities lifting five-year capex plans by about 30%; and 2) hyperscaler capex consensus for 2026-28E revised up 55% between 4Q25 and 2Q26.

On supply, we revised up 2026-28E by more, around 60%, largely driven by Hitachi, Siemens Energy and GE Vernova's plant expansions announced in late 2025 to early 2026, which are expected to come online in 2027-28. On an absolute level, we expect these expansions to lift US capacity to around 1.7x 2023 levels by 2027E and 3x by 2030E, on our Korean team's estimates.

Gas turbine: supply catches up more slowly, but new entrants and substitutes add a second headwind

We also see the forecasted shortage in gas turbines getting less severe. The shortage reduction situation is not as quick as transformers, but we view this as incrementally negative to share price of gas turbine OEMs since its a negative marginal change to the shortage story.

Although demand has been revised up, we see OEM capacity rising too, and expect the shortage gap to be largely closed by 2030E.

We think the market already senses that the shortage story has peaked. What we think it has not priced in is a second headwind: new entrants and substitute technologies taking orders away from the incumbent OEMs.

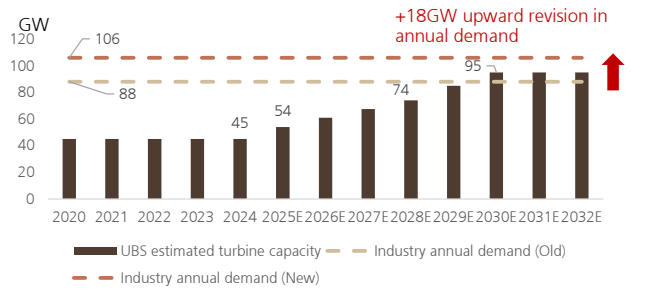
Putting numbers on it, we now expect the annual shortage to shrink to around 11GW by 2030E from around 52GW in 2025 (Figure 5).

The easing is visible in the gap between the two series. As shown in Figure 5, demand (dashed lines) has been revised up by around 18GW a year, to an average of around 106GW over 2026-35E from around 88GW a year ago, while OEM capacity (bars) rises from 54GW in 2025 to around 95GW in 2030-32E. Capacity only converges with demand around 2030, so orders run ahead of what OEMs can build until then.

Our estimates are derived from annual global gas turbine demand, based on Siemens Energy's market outlook and our European team's forecasts, against the capacity OEMs can build on our European team's estimates, with the difference between the two being the shortage.

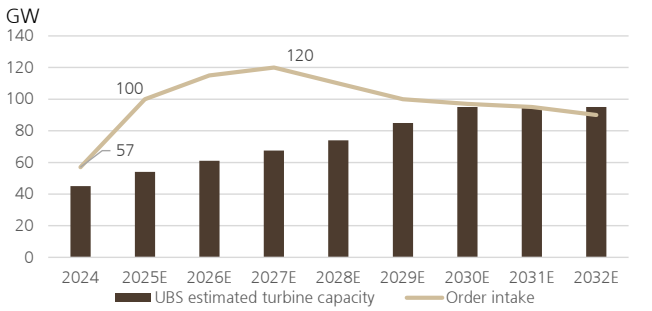
On orders, we expect intake to peak before capacity catches up. As shown in Figure 6, our European team expects the order cycle to be front-loaded, rising from 57GW in 2024 to around 120GW in 2027E, before falling back towards the long-run average as capacity converges with orders in the early 2030s.

Figure 5: Global gas turbine market demand vs OEM capacity



Source: McCoy, Company data, UBS estimates

Figure 6: Global gas turbine order intake vs OEM capacity



Source: McCoy, Company data, UBS estimates

We see a second reason for orders to fall after 2027E, which is not captured in the above figures: new entrants and substitute technologies taking orders away from the incumbent OEMs.

For new entrants, SpaceX announced it will cast its own turbine blades for xAI's gas turbines, a direct negative for Yingliu in our view.

We also see substitution risk from new power supply technologies. Earlier in 2026, Oracle switched a 2.45GW data centre project from gas turbines to fuel cells, and our global team sizes solid oxide fuel cells at around 7GW of additional supply by 2030 as Bloom Energy scales and GE Vernova launches its own product.

We also see order conversion for Chinese gas turbine OEMs remaining slower than expected, with Dongfang's North American heavy-duty orders at 10 units and no incremental order since.

Chinese suppliers benefited most from the shortage, so they may lose first when it eases

We believe Chinese exporters were one of the biggest beneficiaries of the overseas shortage, so they could also be the one of first to lose when it eases. Since August 2025, share prices of Sieyuan, Huaming, Yingliu and Dongfang Electric have risen sharply as tight supply translated into accelerating orders and export delivery, with Dongfang winning a 10-unit G50 gas turbine order from Canada in the period.

We think this rally rested on the shortage getting tighter, not just on being tight. Lead times of transformer still around 128 weeks left Western customers little choice but to buy Chinese, which is why the marginal supplier captured most of the incremental demand.

We now expect the reverse to play out as Western capacity lands. Once buyers regain choice, the marginal supplier could lose volume first and have compressed margins; we believe 2026-27E is still supported by the existing backlog, but pressure could show in orders from 2028E onwards.

2) More regulatory risk: China could face potential EU restrictions from 2028-29E

EU rule: A single country above 40-50% of supply could be restricted

We see rising geopolitical and regulatory risk in Europe following the US restrictions in August, and we think this risk overhang has not been fully priced in yet.

Under the EU's procurement resilience rules, authorities could cap a country's import if the country accounts for: 1) >50% of EU's market share, or 2) >40% after 2 years of 10ppt share gains. Grid equipment is within the scope of such rule.

We believe recent signals point towards a similar direction of increased regulatory risk from EU. The EU trade commissioner has asked Beijing for concrete steps to narrow the trade gap by October 2026 and warned of harsher measures otherwise.

The commissioner has proposed a diversification instrument that would require critical imports to come from at least three suppliers, with electrical components among the sectors named.

China's share may reach the restriction threshold in 2028-29E

Chinese transformer export to EU

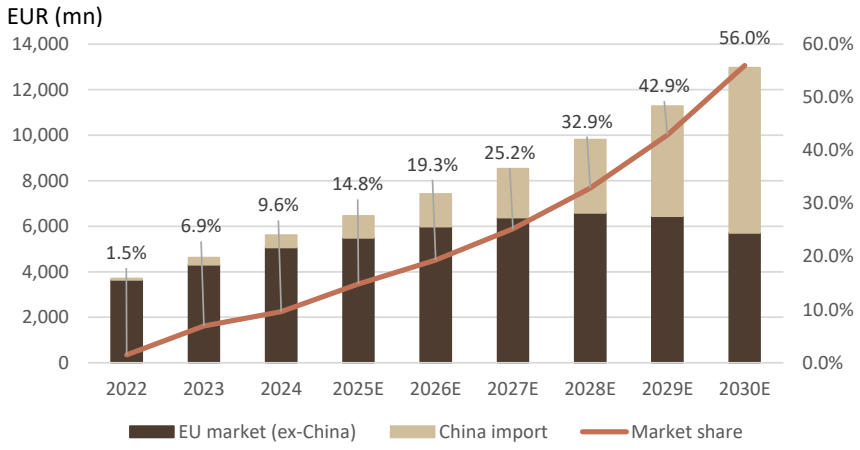
China's share of EU liquid transformer consumption has already risen from 1.5% in 2022 to around 15% in 2025E, as shown in Figure 7.

We estimate China's share of EU liquid transformers could reach 33% in 2028E and 43% in 2029E if the current trend continues.

Our estimates assume Chinese imports to grow continuously at around 50% CAGR (slightly lower than their run rate in 2022-25) and EU production at 15% CAGR driven by domestic capacity expansions, as shown in Figure 7.

We think the procurement restrictions have not been applied yet because Europe still needs Chinese supply. However, this could change when European capacity lands in 2027-28 and the need for Chinese supply falls at the same time, as well as the share threshold comes into scrutiny of the regulators.

Figure 7: China market share of EU liquid transformer



Source: Eurostat, UBS estimates

Chinese gas turbine blade export to EU

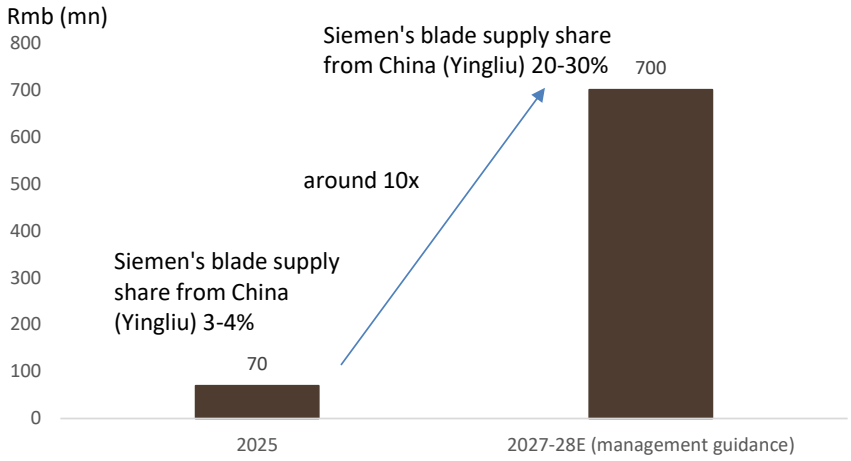
We see a similar pattern of market share gain in gas turbine blades as well.

Yingliu's deliveries to Siemens Energy were around Rmb70m in 2025, or 3-4% market share of the customer's procurement of the relevant components, based on management guidance. Siemens Energy has asked it to lift deliveries 10x within two to three years, implying a 20-30% share by 2027-28E, as shown in Figure 8.

We think this works both ways. The target supports Yingliu's near-term order visibility, but a 20-30% share held by a single Chinese supplier sits close to the level the EU's diversification instrument is reported to be designed around, with buyers limited to 30-40% of components from a single supplier and the rest from at least three others.

We believe the risk of local production requirements or ownership cap could rise as Yingliu approaches the market share threshold.

Figure 8: Yingliu's blade delivery to Siemens Energy based on management guidance



Source: Company data, UBS estimates

Europe risk could weigh on the exporters before earnings change

We see European restrictions on Chinese suppliers becoming more frequent and wider in scope, and we think this weighs on the export names first through valuation, then through earnings as Europe is a high-margin, fast-growing overseas segment.

We see pace has picked up in the past three months, with seven measures, proposals or political signals in 90 days, as many as in 2024-25 combined, as shown in Figure 9. The scope has widened from single products to all public procurement and to trade with China as a whole, and grid equipment is now inside the perimeter for the first time.

Below we lay out the sequence of events that we see as evidence of increasing trade friction between EU and China. We see no further clarity at this point of time, but we think this uncertainty could create a major risk that the market has not fully priced-in yet.

Figure 9: Europe's restrictions on Chinese suppliers in the past few months

Date	What happened	How wide	Status
19 Jun	Commission announces a "diversification instrument": critical imports to come from at least three suppliers	**Several sectors** all critical imports, sectors to be named	Signal
29 Jun	Germany discloses a cross-ministry review of Chinese solar inverters	**One product** inverters, China 70-80% of EU market	Signal
1 Jul	Net-Zero Industry Act procurement rules apply to every public buyer: a country above 50% market share can be capped. Transformers, switchgear, cables and meters are in scope	**One sector** grid equipment, all public tenders	In force
1 Sep	EU-funding ban on Chinese-controlled inverter and storage suppliers loses its grandfathering; applies even to products made in Europe	**One product** inverters and storage in EU-funded projects	In force
8 Sep	EU Trade commissioner names electrical components, with machinery, autos and chemicals, for the diversification tool; CEO meeting 18 Sep	**Several sectors** electrical components named for the first time	Signal
9 Sep	Public Procurement Act proposed by EU Commission: buyers may reject bids with under 50% EU content, or limit tenders to EU and partner-country suppliers (China is not one)	**Economy-wide** all EU public procurement, EUR2.5trn a year	Proposed
16 Sep	EU Commission President: "we will use all tools at our disposal"; trade deficit with China EUR1bn a day; October deadline for Beijing	**Economy-wide** all trade with China	Signal

Source: European Commission, company data, UBS

Earnings impacts: lower margin and minority ownership cap

First, we believe local production potentially carries lower margins: we assume export gross margins of 35-40% could fall to 22-28% at a European plant due to higher expense.

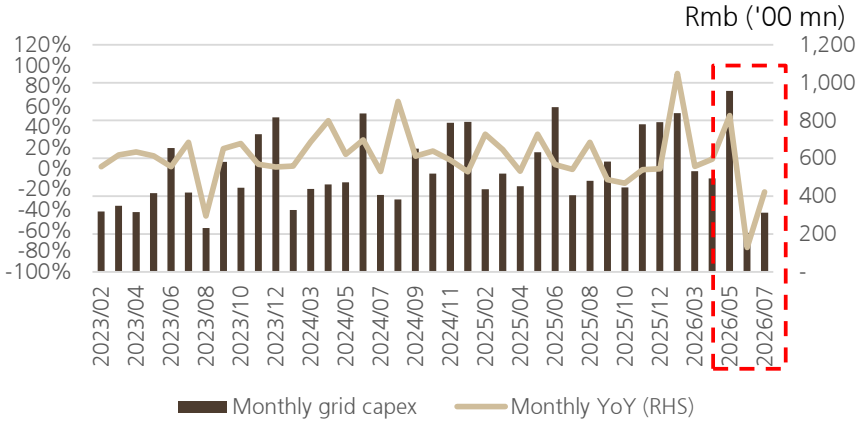
Second, the proposed ownership rules could cap foreign control at 49% for large investments, which would move the European business to a share-of-associates line.

Domestic grid equipment: Sudden slow down in investment pace; tender recovery only as an optionality

We see the sharp slowdown in grid investment as the key domestic concern, where the National grid investment growth has fallen from 38% YoY in 5M2026 to about 1% YoY in 7M2026 (see Figure 10).

The sector now trades below 1SD of its historical PE, and we see limited visibility for it to re-rate until tendering resumes.

Figure 10: Monthly grid investment completion



Source: NEA, UBS

What went wrong in 1H: tenders were deferred

Fewer tenders were issued in 1H than the investment plan requires, as bid evaluation and supplier qualification cycles have lengthened at both grids this year. **1)** State Grid's backbone tenders were down 10% YoY in the first three batches; **2)** CSG did not issue its 2026 secondary equipment in the distribution batch until now

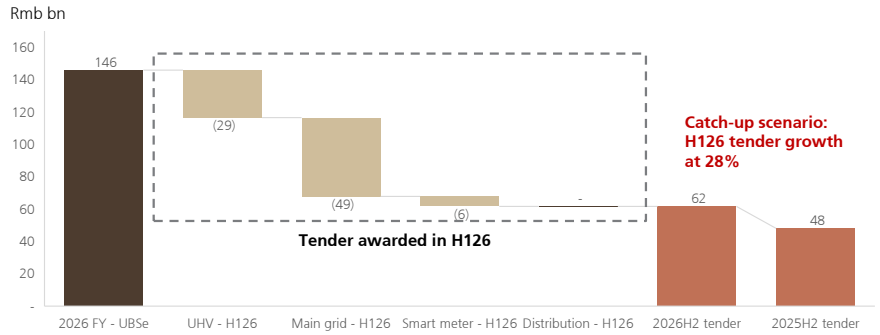
Tender recovery: an optionality with no timeline announced

We believe the deferred tenders have to be procured eventually, as the 15th FYP investment plans are unchanged for both grids, but there is a lack of visibility on the timeline for now.

We see a 2H26 catch-up as an optionality rather than our base case scenario, and size it at about Rmb64bn of State Grid tenders, 28% above 2H25.

Our estimate is based on the historical 18.5% tender to investment ratio applied to the Rmb788bn capex in 2027E based on our estimates, less the Rmb84bn awarded in 1H26 (see Figure 11).

Figure 11: State Grid 2H26 tender, catch-up scenario



Source: SGCC, CSG, UBS estimates

The signposts we watch are: **1)** UHV approvals this year; **2)** State Grid meter batches 2 and 3; **3)** CSG's second distribution batch and **4)** the monthly investment completion data.

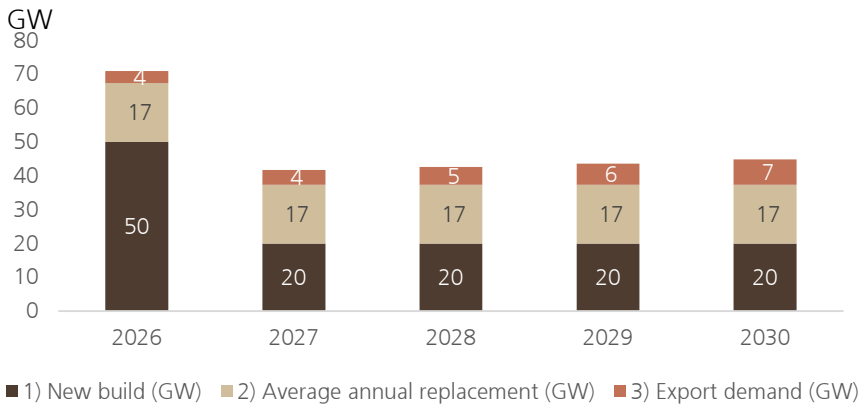
Domestic coal-fired equipment: Demand could hold up better than the market expects

We think the share prices of the domestic power generation equipment names reflect a market view that coal-fired equipment demand would decline in the 15FYP, and that new build falls from around 50GW in 2026 to around 20GW a year in 2027-30 as the 2023-25 approval wave passes.

Consensus therefore models flat to declining coal-fired equipment revenue for Dongfang, Harbin and the other coal-fired equipment suppliers from 2026E, in our view.

We expect coal-fired equipment demand of around 50GW a year in 2026-30E, as shown in Figure 12. This is made up of: **1) new build** of 26GW a year on average, largely in line with market expectations; **2) replacement** demand of 17GW a year, which we derive from two policy targets; and **3) exports** of 4-7GW a year.

Figure 12: Coal-fired equipment demand by source, 2026-2030E: replacement, export and new build (GW)



Source: Company data, UBS estimates

The gap with the market lies in replacement and export, in our view. The market focuses on new build and treats the other two as small add-ons that it has not quantified, whereas replacement alone, at around 17GW a year, could run close to the annual new-build level in 2027-30E on our estimates if the policy targets are met on schedule.

1H26 results supports our higher expectation on coal-fired power equipment

Dongfang's coal-fired equipment revenue rose 16% YoY with gross margin up 1.5ppt to 19.9%, while Harbin's net profit rose 63% with new power equipment orders up 41% (Figure 13). We read this as the higher-margin orders signed in 2024-25 starting to flow through.

Figure 13: Dongfang and Harbin 1H26 results: coal equipment revenue growth, gross margin, net profit growth and new orders

Period	1H24	2H24	1H25	2H25	1H26
Dongfang Electric					
Coal equipment sales growth			51%	-1%	16%
Coal equipment gross margin	16%	17%	18%	23%	20%
Net profit growth	-16%	-21%	13%	56%	42%
Total new order (Rmb bn)	56.1	45.1	65.5	51.8	69.9
YoY growth			17%	15%	7%
of which: coal power equipment (Rmb bn)					18.8
Harbin Electric					
Coal equipment sales growth			62%	-10%	8%
Coal equipment gross margin	21%	6%	18%	18%	20%
Net profit growth	516%	137%	101%	39%	63%
Total new order (Rmb bn)	26.0	30.9	35.6	29.1	36.0
			37%	-6%	1%
of which: coal power equipment (Rmb bn)	10.8	6.6	11.3	13.0	16.0
			4%	98%	42%

Source: Company data, UBS

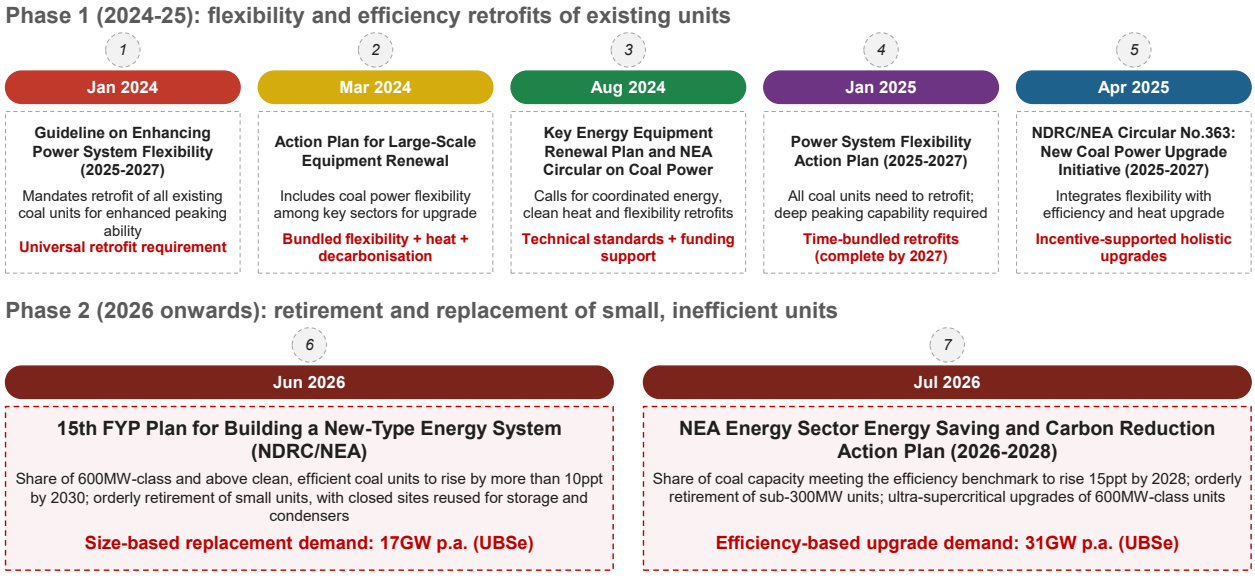
1) Replacement demand of 17GW/year; Upgrade demand of 31GW/year

We derive the demand from two policy targets, with 1) 17GW a year coming from replacement of smaller less efficient units and 2) 31GW a year from upgrade of installed capacity to above benchmark efficiency.

1) Replacement demand: The 15th FYP plan requires units of 600MW and above to rise from 60% to 70% of coal capacity by 2030, which in practice can only be achieved by replacing small units with large ones (see Figure 14, item 6).

2) Upgrade demand: The 2026-28 energy saving plan requires capacity at benchmark efficiency to rise by 15ppt by 2028, which is achieved by upgrading existing units in place (see Figure 14, item 7).

Figure 14: Policies on thermal plant retrofit and replacement



Source: Nation Energy Administration (NEA), National Development and Reform Commission (NDRC), Beijixing (BJX), UBS estimates

We expect a total new build capacity of 130GW in 2026-30, all of it >600MW at benchmark efficiency, which takes the large-unit share to 66% and the benchmark

share from 37% to 45%.

We proxy the proportion of capacity above benchmark efficiency at the proportion of ultra-supercritical capacity (see Figure 17).

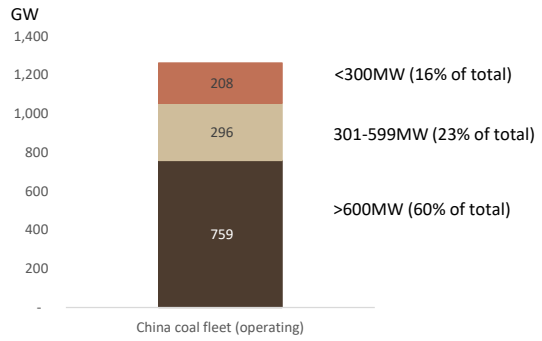
Closing the rest of each gap requires 17GW p.a of replacement by 2030 and 31GW p.a of upgrade by 2028 on our estimates, as shown in Figure 15.

Figure 15: Replacement and upgrade derived from the two policies

Replacement demand breakdown	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Total coal power capacity (GW)	1,259	1,309	1,329	1,349	1,369	1,389
1) New build (GW)		**50**	**20**	**20**	**20**	**20**
2) Replacememt demand (Policy A)						
Capacity of 600MW or above (GW)	755					972
Capacity of 600MW or above (%) [+10ppt by 2030]	60%					70%
(A) Total required installation (GW)						217
(B) Total new build capacity (assume all >600MW at benchmark)						130
(C) = (A) - (B) Gap to required installation						87
2) Average annual replacement (GW)		**17**	**17**	**17**	**17**	**17**
3) Upgrade (Policy B)						
Capacity above benchmark (%) [+15ppt by 2030]	37%			52%		
Capacity above benchmark (GW)	470			706		
(A) Total required installation (GW)				236		
(B) Total new build capacity (assume all >600MW at benchmark)				90		
(C) Total capacity replaced in Policy A				52		
(D) = (A) - (B) - (C) Gap to required installation				94		
3) Average annual upgrade (GW)		**31**	**31**	**31**	**31**	**31**

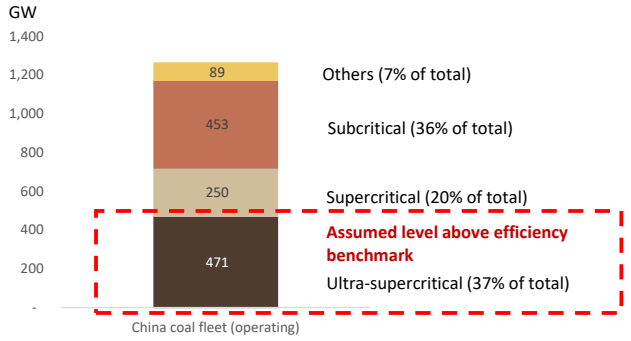
Source: Global Energy Monitor, NDRC, CEC, UBS estimates

Figure 16: China coal power generation breakdown by capacity



Source: Global Energy Monitor, UBS

Figure 17: China goal power generation breakdown by technology



Source: Global Energy Monitor, UBS

We count only replacement in our annual equipment demand. 1) Replacement puts a new unit on the site, so it shows up in equipment sales; while 2) Upgrade modifies an existing unit in place, at a lower unit capex, we expect this to be reflected largely in O&M service revenue.

We believe both our replacement and upgrade paces are achievable.

1.For replacement demand, around 19GW a year of coal units reach 30 years of age in 2026-30, in line with our 17GW a year of replacement.

2.For upgrade demand, the industry has delivered 76GW a year of energy-saving retrofit in 2021-22, well above our 31GW a year of upgrade, and we assume the upgrade momentum to continue at the same pace in 2029-30.

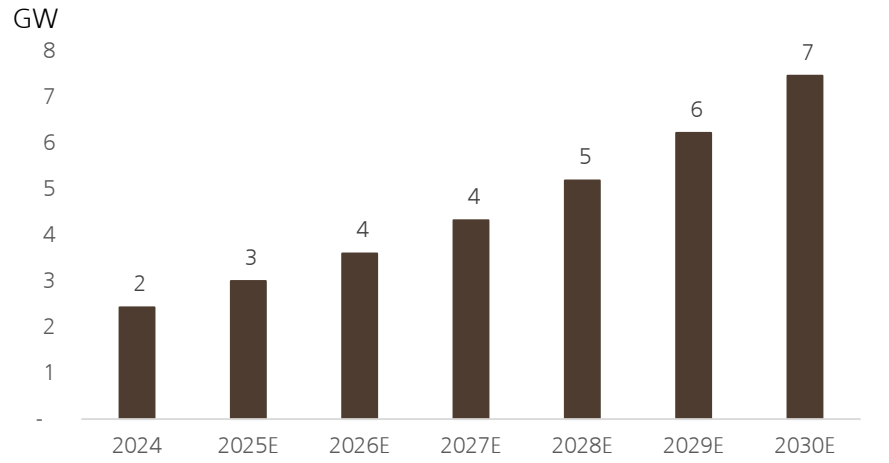
2) Exports of 4-7GW a year: Belt and Road and Middle East buyers

We see energy security driving Belt and Road and Middle East countries to build their own thermal capacity. Resource-rich countries in Southeast Asia, Central Asia, Africa and the Middle East are adding thermal power for industrialisation and, increasingly, for

data centres.

We expect Chinese coal-fired equipment exports to grow at around 20% a year on this demand, as shown in Figure 18.

Figure 18: China thermal power equipment exports 2021-2026E (GW)



Source: CMIF Power Generation Equipment Center,UBS estimates

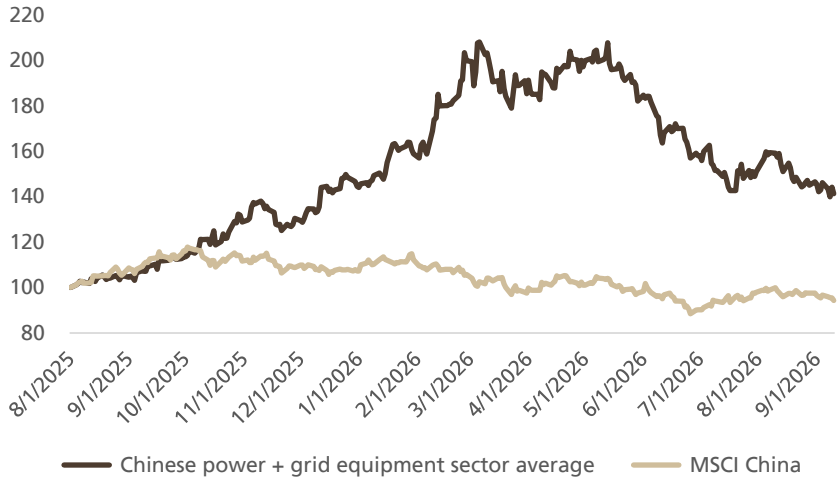
We forecast exports of 4-7GW a year in 2026-30E, at higher margins than domestic. We base this on the current 20% growth rate and on the order pipeline the two companies disclose, with Dongfang's international new orders exceeding Rmb14bn in 2025. Both companies earn higher gross margins overseas than at home, so we expect exports to lift blended margins.

3) New build normalises to around an average 26GW a year

We assume new build of 50GW in 2026 and 20GW a year in 2027-30, with a total new build of 130GW, in line with Dongfang's guidance.

2026 is the last year of the 2023-25 approval wave, leading to a higher than average new build demand, we are in line with market expectation on this forecast. Our expectation gap sits in replacement and export rather than in new build, in our view.

WHAT'S PRICED IN?



Source: Reuters, UBS. Data as of 18/09/2026

Outperformance has narrowed but export risks are not yet fully priced in

Our China power equipment names have outperformed MSCI China by around 45% since August 2025, when the overseas transformer and gas turbine shortage started to drive the export story, as shown in the figure above.

The sector roughly doubled to its peak in May-June 2026 and has since given back around 30% on the US export restrictions and signs that Western supply is catching up, but it still trades well above the index.

We believe the market has already sensed the weaker fundamentals, as the sector-wide pullback and the pair trades against the domestic names suggest. However, we do not think it has fully priced in the export risks we outline above, namely share loss to Western capacity and the EU regulatory overhang from 2028-29E, or the uncertainty over domestic grid tender timing.

Figure 20: China power + grid equipment sector valuation

Company	Ticker	Old Rating	New Rating	Old price target (LC)	New Price target (LC)	Current price (LC)	Upside to PT	EPS change 2026E	EPS change 2027E	EPS change 2028E	EPS CAGR 2026-28E	P/E (X) 2026E	P/E (X) 2027E	P/E (X) 2028E	P/B (X) 2026E	P/B (X) 2027E	P/B (X) 2028E	ROE (%) 2026E	ROE (%) 2027E	ROE (%) 2028E	Dividend yield 2026E	Dividend yield 2027E	Dividend yield 2028E
Export driven power grid equipment																							
Sieyuan Electric	002028.SZ	Buy	Neutral	230.00	142.00	138.00	3%	-3%	-6%	-18%	26%	27.6	20.9	17.5	5.6	4.5	3.7	23%	24%	23%	1%	1%	1%
Huaming Power Equipment	002270.SZ	Buy	Neutral	43.00	18.00	18.35	-2%	-14%	-22%	-30%	15%	21.2	18.4	16.0	4.8	4.4	4.0	24%	25%	26%	4%	4%	5%
Anhui Yingliu Electromechanical	603308.SS	Buy	Neutral	100.00	44.00	43.41	1%	-28%	-25%	-22%	51%	59.7	35.7	26.0	5.4	4.8	4.1	9%	14%	17%	0%	1%	1%
Simple Average							**1%**	**-15%**	**-18%**	**-23%**	**31%**	**36.2**	**25.0**	**19.8**	**5.3**	**4.6**	**3.9**	**19%**	**21%**	**22%**	**2%**	**2%**	**2%**
Domestic focus power grid equipment																							
NARI Technology	600406.SS	Buy	Buy	42.00	27.00	22.05	22%	-11%	-18%	-24%	13%	20.3	18.0	16.0	3.1	2.9	2.7	16%	17%	17%	3%	3%	4%
Ningbo Sanxing Medical Electric	601567.SS	Buy	Neutral	39.10	14.00	14.27	-2%	-58%	-63%	-66%	23%	19.2	15.5	12.6	1.7	1.6	1.4	9%	10%	12%	3%	4%	4%
Willfar Information Technology	688100.SS	Buy	Neutral	64.00	25.00	24.67	1%	-29%	-32%	-35%	26%	19.3	15.3	12.1	3.1	2.7	2.3	17%	19%	21%	2%	3%	3%
Simple Average							**7%**	**-33%**	**-37%**	**-42%**	**21%**	**19.6**	**16.3**	**13.6**	**2.6**	**2.4**	**2.1**	**14%**	**15%**	**17%**	**3%**	**3%**	**4%**
Power Equipment OEMs																							
Dongfang Electric-A	600875.SS	Buy	Buy	62.00	32.00	24.42	31%	4%	-4%	-2%	32%	16.0	12.1	9.1	1.7	1.6	1.4	11%	14%	16%	3%	4%	5%
Dongfang Electric Corporation	1072.HK	Buy	Buy	68.00	26.00	19.20	35%	-8%	-18%	-15%	32%	10.9	8.1	6.1	1.2	1.1	1.0	11%	14%	16%	5%	6%	8%
Harbin Electric Company	1133.HK	Buy	Buy	45.00	21.90	14.05	56%	11%	4%	2%	23%	7.2	5.7	4.7	1.3	1.1	1.0	20%	21%	22%	5%	7%	10%
Simple Average							**41%**	**2%**	**-6%**	**-5%**	**29%**	**11.4**	**8.6**	**6.7**	**1.4**	**1.3**	**1.1**	**14%**	**16%**	**18%**	**4%**	**6%**	**8%**

Source: Reuters, UBS estimates. Data as of 18/09/2026

Downgrading export power equipment names to Neutral

We believe the market has largely priced in the US export restrictions announced in August and the shortage being less severe than initially expected.

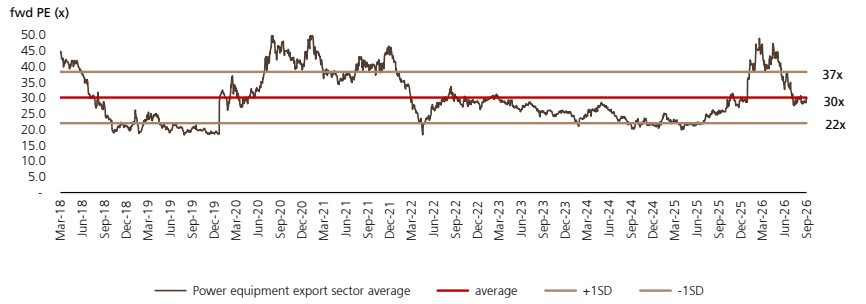
However, we do not think it has priced in the medium-term export risks, namely share loss to Western capacity and the EU regulatory overhang, which we expect to weigh on

both market share and margins from 2028-29E.

We do not see the valuation as attractive yet, even after the ~40% pullback from the June peak. As shown in Figure 21, the group trades at 30x forward PE, in line with its historical average since 2018.

However, this is still around one standard deviation above the 22x level at which the group traded before the export story started. We think the fundamentals and geopolitical risks now argue for a valuation closer to that pre-export level than to the average.

Figure 21: Export power equipment sector historical valuation

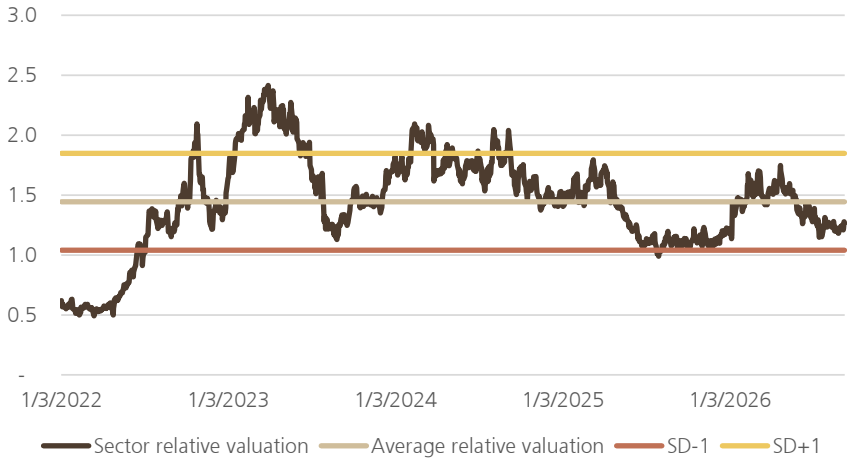


Source: Reuters, UBS estimates. Data as of 18/09/2026

We see the same picture on relative valuation. As shown in Figure 22, the group trades at around 1.3x the forward PE of its overseas competitors (incl. Siemens Energy, GEV, HD Hyundai Electric, Hyosung Heavy), below its historical average of around 1.5x.

We think this discount to history is not enough. The geopolitical risks facing Chinese exporters have increased much more than the premium has narrowed, and we see further room for the relative valuation to fall.

Figure 22: Export power equipment names valuation comparison with overseas competitors



Source: Reuters, UBS estimates. Data as of 18/09/2026

We downgrade Sieyuan, Huaming and Yingliu from Buy to Neutral, for two reasons.

1) Earnings risk: we cut 2026-28E earnings by 2-31% to reflect the potential share loss and margin pressure from 2028-29E. Our estimates are now 5-16% below consensus in 2027-28E.

2) Valuation pressure: we no longer think the group should trade at its historical average multiple, and we apply a larger discount to overseas earnings given the higher geopolitical risk. Our new price targets are close to the current share prices (see Earnings and valuation change).

Turned more cautious on grid equipment names: Buy NARI, downgrade Willfar and Sanxing to Neutral

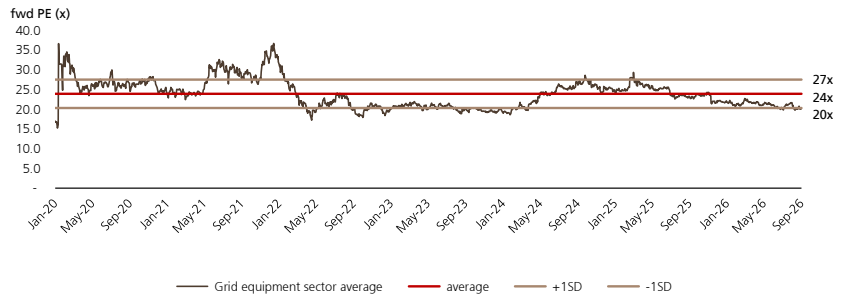
We believe the market has priced in a weak first half as a weak year. However, we do not think it has priced in the potential tender recovery that the unchanged grid investment plans imply.

We see limited downside at the current valuation but also limited upside given the lack of visibility on grid tendering.

As shown in Figure 23, the group trades at 20x forward PE, one standard deviation below its historical average of 24x and back to the level before the 2025 re-rating.

We think this level prices in tenders staying deferred. We thus see an option value if the tendering is resumed in H226, and could see a potential re-rating back to the historical average level.

Figure 23: Grid equipment sector historical valuation



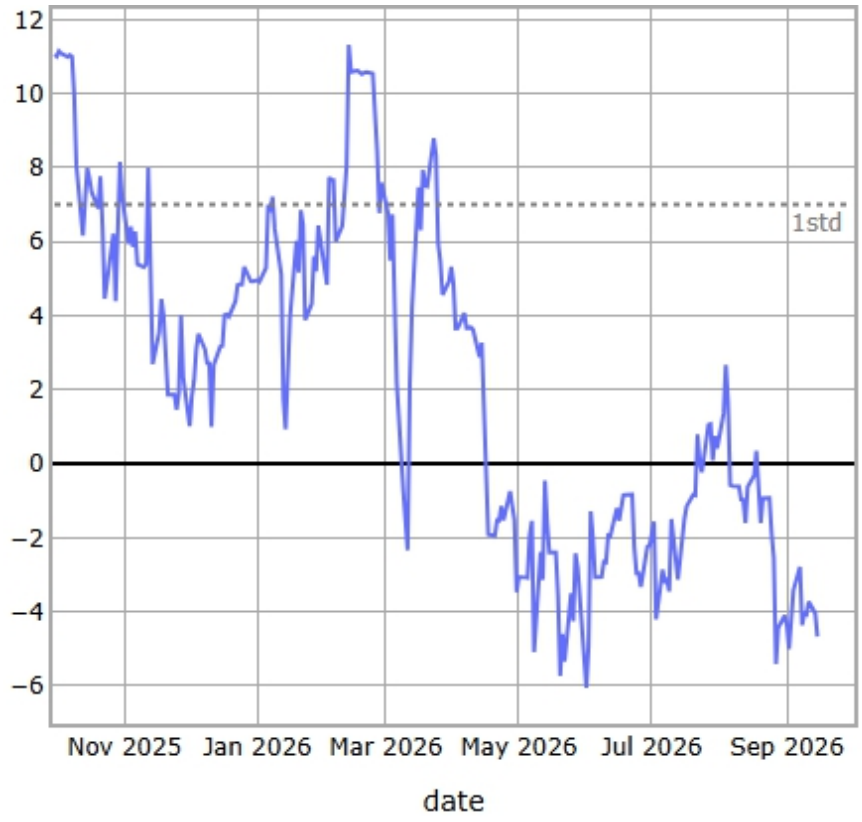
Source: Reuters, UBS estimates. Data as of 18/09/2026

Stock preference: NARI maintain at Buy

We believe NARI could benefit the most among grid equipment suppliers, for three reasons: 1) its UHV wins in 2026 YTD already exceed its 2025 total; 2) its 1H26 orders are expected to start recognising in 3Q26, a quarter ahead of the distribution and meter names; and 3) we believe the market has used it as the short leg against the export names.

Our crowding factor analysis (see Figure 24) shows NARI remains shorted by hedge funds, and we expect short covering could start once the export-domestic pair trade reverses.

Figure 24: NARI crowding factor analysis



Source: UBS Systematic Advisory, UBS Quant Research. Data as of 18/09/2026

Willfar and Sanxing: downgrade from Buy to Neutral

We cut estimates for Sanxing and Willfar. Their 1H26 new orders fell and we expect their 3Q results to remain under pressure, with an inflection in 4Q at the earliest.

We downgrade Willfar and Sanxing from Buy to Neutral, we cut earnings by 29-35% and 58-66% respectively.

We believe the Southern Grid and State Grid batches due in 2H are the catalysts to watch for. If Willfar delivers on its guidance of 2H new orders up 66%, we could see that as the turnaround for share price.

Maintaining Buy on domestic power equipment names

We believe the market has priced in a declining coal-fired power equipment order book for the 15th FYP. However, we do not think it has fully factored in the policy-driven replacement and upgrade demand to 2030, or the rising export demand.

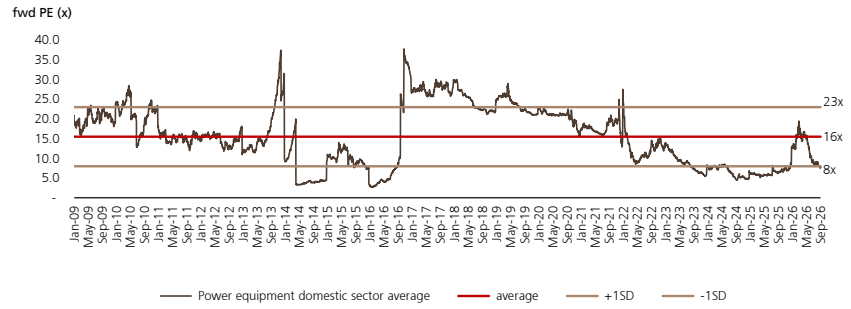
We see the current valuation of equipment OEMs as attractive. As shown in Figure 25, the group trades at 8x forward PE, one standard deviation below its historical average of 16x and near the low end of its range since 2009.

We see a similar picture against overseas peers. As shown in Figure 26, the group trades at an 80-85% discount to international power equipment OEMs, back to its 2025 level, after narrowing to 65% at the March 2026 peak.

We think the discount has room to narrow again. The domestic names carry little of the geopolitical risk facing the exporters, while we expect the demand outlook to 2030 is better than the order book suggests.

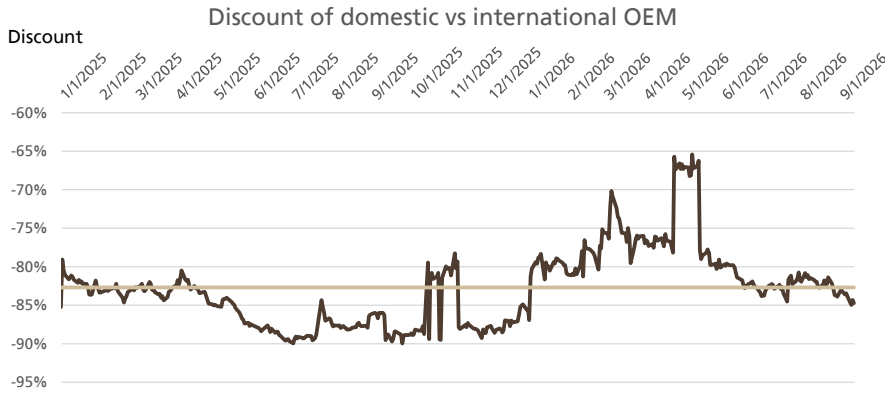
Within the group, Harbin trades at a 20% discount to Dongfang-H, which we expect to narrow now that it is included in Southbound Stock Connect, and our price target of HK $21.9 assumes 9x 2027E PE against Dongfang-H's target 2027E PE of 11x.

Figure 25: Domestic power equipment sector historical valuation



Source: Reuters, UBS estimates. Data as of 18/09/2026

Figure 26: Discount of domestic vs international power equipment OEMs



Source: Reuters, UBS estimates. Data as of 18/09/2026

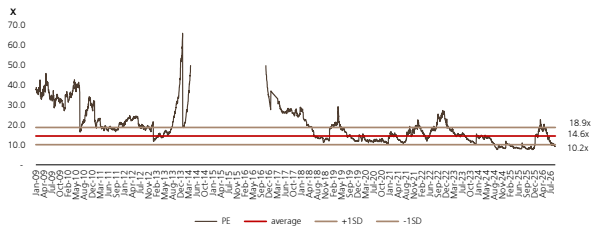
We maintain Buy on Dongfang and Harbin. We expect domestic coal-fired power equipment demand to hold up better than the market expects, supported by replacement and upgrade demand, with rising export demand as an additional driver.

Stock preference: Harbin over Dongfang

We prefer Harbin as the purer play on domestic coal-fired equipment demand. Harbin's earnings exposure is almost entirely domestic, so we expect the demand above translates directly into earnings and the share price.

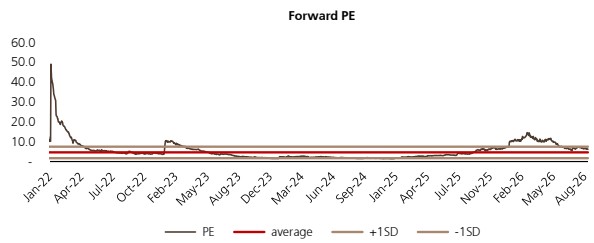
It trades at 6x 12M fwd PE against Dongfang-H's 8x, as shown in Figure 27 and Figure 28, and its inclusion in Southbound Stock Connect adds a flow catalyst.

Figure 27: Dongfang-A historical fwd PE



Source: Reuters, UBS estimates. Data as of 18/09/2026

Figure 28: Harbin historical fwd PE



Source: Reuters, UBS estimates. Data as of 18/09/2026

We think Dongfang's share price depends on overseas gas turbine progress, which remains slower than initially expected. Its overseas heavy-duty gas turbine orders sold to North America stands at 10 units, with no incremental order since. Dongfang benefits from the same domestic demand, but its share price is relatively less sensitive to it, in our view.

Earnings and valuation change

Sieyuan Electric (downgrade from Buy to Neutral)

Earnings estimates and price target revisions:

We downgrade Sieyuan to Neutral from Buy, lowering our price target from Rmb230.00 to Rmb142.00.

We revise 2026E/27E/28E net profit by -3%/-6%/-18% to mainly reflect: 1) 2025 marked to actual and 1H26 results extrapolated; 2) lower overseas transformer volume from 2028E as Western capacity lands and EU procurement risk rises; and 3) lower secondary equipment margins, partly offset by stronger reactive power compensation and EPC.

We lower our DCF-based price target, largely driven by the increase in discount rate. We lift our WACC to 10.0% from 8.3% to reflect the higher geopolitical risk we now attach to overseas earnings.

Our price target implies a 1% dividend yield with a 10.0% WACC and terminal growth rate of 3.0%.

We derive our WACC by assuming a 3.5% risk-free rate, 10.0% cost of equity and 2.6% after-tax cost of debt.

Figure 29: Earnings estimates revision for Sieyuan

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	002028.SZ	4,213	5,565	6,653	4,067	5,580	7,318	4%	0%	-9%

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Sieyuan Electric (002028.SZ)										
Switchgear		**-4%**	**-8%**	**-16%**	**4,261**	**5,509**	**6,839**	**4,450**	**6,008**	**8,110**
	Revenue	-5%	-9%	-16%	11,554	14,939	18,674	12,208	16,481	22,249
	GPM	0.4ppt	0.4ppt	0.2ppt	37%	37%	37%	36%	36%	36%
Windings		**-19%**	**-19%**	**-22%**	**2,276**	**3,073**	**3,967**	**2,809**	**3,792**	**5,119**
	Revenue	-25%	-25%	-28%	6,255	8,444	10,978	8,343	11,263	15,205
	GPM	2.7ppt	2.7ppt	2.5ppt	36%	36%	36%	34%	34%	34%
Reactive power compensation		**49%**	**49%**	**42%**	**1,071**	**1,285**	**1,467**	**717**	**861**	**1,033**
	Revenue	15%	15%	10%	3,051	3,661	4,210	2,664	3,197	3,836
	GPM	8.2ppt	8.2ppt	7.9ppt	35%	35%	35%	27%	27%	27%
Secondary equipment		**-48%**	**-48%**	**-48%**	**360**	**450**	**563**	**687**	**859**	**1,074**
	Revenue	-3%	-3%	-3%	1,907	2,383	2,979	1,964	2,454	3,068
	GPM	-16.1ppt	-16.1ppt	-16.1ppt	19%	19%	19%	35%	35%	35%
EPC		**40%**	**40%**	**40%**	**345**	**431**	**539**	**247**	**309**	**386**
	Revenue	51%	51%	51%	2,915	3,644	4,555	1,935	2,418	3,023
	GPM	-0.9ppt	-0.9ppt	-0.9ppt	12%	12%	12%	13%	13%	13%
Others		**11%**	**3%**	**-5%**	**238**	**298**	**372**	**215**	**291**	**392**
	Revenue	129%	112%	97%	1,963	2,454	3,067	856	1,156	1,560
	GPM	-13.0ppt	-13.0ppt	-13.0ppt	12%	12%	12%	25%	25%	25%
SG&A expenses		**-7%**	**-7%**	**-10%**	**(3,595)**	**(4,620)**	**(5,782)**	**(3,875)**	**(4,974)**	**(6,389)**
Report net profit		**-3%**	**-6%**	**-18%**	**4,213**	**5,565**	**6,653**	**4,364**	**5,932**	**8,067**

WACC derivation **New**

Risk-free rate	3.5%	Terminal growth rate	3.0%
Equity risk premium	5.0%	WACC	10.0%
Beta	1.3		
Cost of equity	**10.0%**		
Cost of debt	3.5%		
Statutory tax rate	25.0%		
After tax cost of debt	**2.6%**		
Long-term debt to total cap	0%		
WACC	**10.0%**		
Long-term growth rate	**3.0%**		

WACC derivation **Old**

Risk-free rate	1.7%	Terminal growth rate	3.0%
Equity risk premium	5.0%	WACC	8.3%
Beta	1.3		
Cost of equity	**8.3%**		
Cost of debt	3.5%		
Statutory tax rate	25.0%		
After tax cost of debt	**2.6%**		
Long-term debt to total cap	0%		
WACC	**8.3%**		
Long-term growth rate	**3.0%**		

Source: Reuters, company data, UBS estimates

Valuation: Sieyuan trades at 20x 2027E PE against a 26% net profit CAGR over 2026-28E, implying a PEG of 0.79x, higher than international player's average of 0.72x.

Figure 30: Valuation comparison with international transformers suppliers

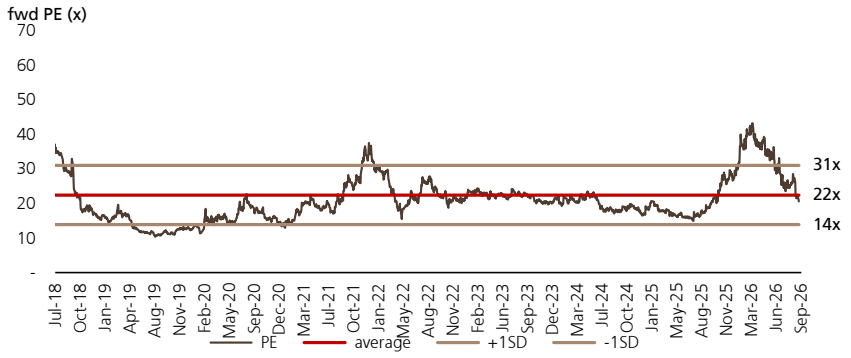
Company	Ticker	Rating	Price target (LC)	Current price (LC)	Upside to PT	PEG	EPS CAGR	P/E (X)			P/B (X)			ROE			Dividend yield		
						2026E	2026-28E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Export driven power grid equipment																			
Sieyuan Electric	002028.SZ	Neutral	142.00	138.00	3%	0.82	26%	27.6	20.9	17.5	5.6	4.5	3.7	23%	24%	23%	1%	1%	1%
Huaming Power Equipment	002270.SZ	Neutral	18.00	18.35	-2%	1.22	15%	21.2	18.4	16.0	4.8	4.4	4.0	24%	25%	26%	4%	4%	5%
Simple Average						**1.02**	**20%**	**24.4**	**19.6**	**16.8**	**5.2**	**4.5**	**3.8**	**23%**	**24%**	**25%**	**2%**	**3%**	**3%**
International Peers																			
Siemens Energy AG	ENR1n.DE	Buy (CBE)	210.00	141.80	48%	0.59	39%	33.1	23.2	17.1	12.0	10.5	8.7	36%	48%	56%	1%	1%	2%
GE Vernova Inc	GEV.N	Buy	1,400.00	924.93	51%	0.58	59%	60.3	33.9	23.9	17.3	15.0	11.7	32%	47%	55%	0%	0%	0%
Hyosung Heavy Industries	298040.KS	Buy (CBE)	4,000,000.00	2,915,000.00	37%	0.55	39%	31.8	21.6	16.4	8.7	6.4	4.7	31%	34%	33%	1%	1%	1%
HD Hyundai Electric	267260.KS	Buy (CBE)	1,040,000.00	725,000.00	43%	0.81	26%	26.8	20.9	17.0	9.3	6.9	5.3	40%	38%	35%	1%	1%	2%
LS Electric	010120.KS	Neutral (CBE)	240,000.00	211,500.00	13%	1.17	35%	59.6	41.0	32.7	12.5	10.1	8.2	23%	27%	28%	1%	1%	1%
Simple Average						**0.74**	**40%**	**42.3**	**28.1**	**21.4**	**12.0**	**9.8**	**7.7**	**33%**	**39%**	**41%**	**1%**	**1%**	**1%**

Source: Reuters, UBS estimates

We no longer view this valuation as compelling as we believe the company deserve a discount compared to global peers due to the the potential regulatory risk from EU.

In terms of PE, our price target implies 28x 2026E PE, against the historical average fwd PE of 22x.

Figure 31: Sieyuan's one-year-forward PE



Source: Reuters, UBS estimates

Huaming Power Equipment (downgrade from Buy to Neutral)

Earnings estimates and price target revisions:

We downgrade Huaming to Neutral from Buy, lowering our price target from Rmb43.00 to Rmb18.00.

We revise 2026E/27E/28E net profit by -14%/-22%/-30% to mainly reflect: 1) 2025 marked to actual and 1H26 results; 2) a 2-3ppt lower power equipment gross margin on slower export growth; and 3) lower overseas revenue from 2028E on more competition.

We lower our DCF-based price target on both lower earnings and a higher discount rate. We lift our WACC to 9.2% from 8.5% to reflect the higher geopolitical risk we now attach to overseas earnings.

Our price target implies a 4% dividend yield with a 9.2% WACC and terminal growth rate of 3.0%.

We derive our WACC by assuming a 3.5% risk-free rate, 9.2% cost of equity and 3.8% after-tax cost of debt.

Figure 32: Earnings estimates revision for Huaming

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	002270.SZ	776	892	1,028	798	937	1,148	-3%	-5%	-10%

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Huaming Power Equipment (002270.SZ)										
Power equipment		**-8%**	**-14%**	**-19%**	**1,428**	**1,642**	**1,897**	**1,544**	**1,903**	**2,352**
	Revenue	-5%	-11%	-16%	2,396	2,754	3,182	2,521	3,080	3,777
	GPM	-1.7ppt	-2.2ppt	-2.7ppt	60%	60%	60%	61%	62%	62%
CNC machine		**137%**	**177%**	**222%**	**63**	**75**	**90**	**26**	**27**	**28**
	Revenue	58%	84%	115%	293	352	422	185	191	197
	GPM	7.1ppt	7.1ppt	7.1ppt	21%	21%	21%	14%	14%	14%
Power EPC		**-100%**	**-100%**	**-100%**	**0**	**0**	**0**	**18**	**18**	**18**
	Revenue	-87%	-90%	-92%	23	18	15	184	184	184
	GPM	-9.8ppt	-9.8ppt	-9.8ppt	0%	0%	0%	10%	10%	10%
Others		**-12%**	**-16%**	**-20%**	**26**	**27**	**29**	**30**	**33**	**36**
	Revenue	-9%	-13%	-17%	54	56	59	59	65	72
	GPM	-1.5ppt	-1.5ppt	-1.5ppt	49%	49%	49%	50%	50%	50%
SG&A expenses		**5%**	**7%**	**9%**	**(581)**	**(668)**	**(772)**	**(552)**	**(624)**	**(707)**
Recurring net profit		**-14%**	**-22%**	**-30%**	**776**	**892**	**1,028**	**902**	**1,147**	**1,460**

WACC derivation **New**

Risk-free rate	3.5%	Terminal growth rate	3.0%
Equity risk premium	5.0%	WACC	9.2%
Beta	1.1		
Cost of equity	**9.2%**		
Cost of debt	5.0%		
Statutory tax rate	25.0%		
After tax cost of debt	**3.8%**		
Long-term debt to total cap	0%		
WACC	**9.2%**		
Long-term growth rate	**3.0%**		

WACC derivation **Old**

Risk-free rate	2.0%	Terminal growth rate	3.0%
Equity risk premium	5.0%	WACC	8.5%
Beta	1.3		
Cost of equity	**8.5%**		
Cost of debt	5.0%		
Statutory tax rate	25.0%		
After tax cost of debt	**3.8%**		
Long-term debt to total cap	0%		
WACC	**8.5%**		
Long-term growth rate	**3.0%**		

Source: Reuters, company data, UBS estimates

Valuation: Huaming trades at 18x 2027E PE against a 14% net profit CAGR over 2026-28E, implying a PEG of 1.20x, higher than international player's average of 0.72x.

Figure 33: Valuation comparison with international transformers suppliers

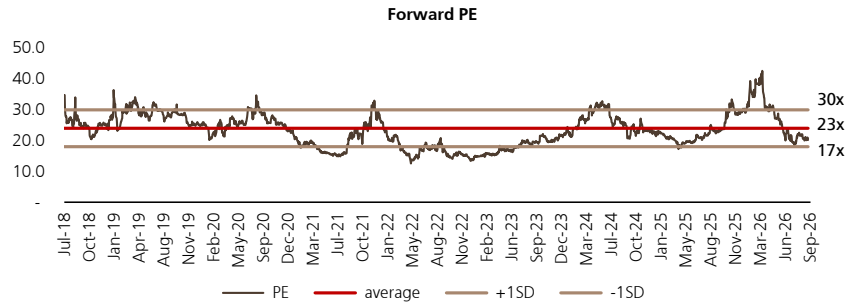
Company	Ticker	Rating	Price target (LC)	Current price (LC)	Upside to PT	PEG 2026E	EPS CAGR 2026-28E	P/E (X) 2026E	2027E	2028E	P/B (X) 2026E	2027E	2028E	ROE 2026E	2027E	2028E	Dividend yield 2026E	2027E	2028E
Export driven power grid equipment																			
Sieyuan Electric	002028.SZ	Neutral	142.00	138.00	3%	0.82	26%	27.6	20.9	17.5	5.6	4.5	3.7	23%	24%	23%	1%	1%	1%
Huaming Power Equipment	002270.SZ	Neutral	18.00	18.35	-2%	1.22	15%	21.2	18.4	16.0	4.8	4.4	4.0	24%	25%	26%	4%	4%	5%
Simple Average						**1.02**	**20%**	**24.4**	**19.6**	**16.8**	**5.2**	**4.5**	**3.8**	**23%**	**24%**	**25%**	**2%**	**3%**	**3%**
International Peers																			
Siemens Energy AG	ENR1n.DE	Buy (CBE)	210.00	141.80	48%	0.59	39%	33.1	23.2	17.1	12.0	10.5	8.7	36%	48%	56%	1%	1%	2%
GE Vernova Inc	GEV.N	Buy	1,400.00	924.93	51%	0.58	59%	60.3	33.9	23.9	17.3	15.0	11.7	32%	47%	55%	0%	0%	0%
Hyosung Heavy Industries	298040.KS	Buy (CBE)	4,000,000.00	2,915,000.00	37%	0.55	39%	31.8	21.6	16.4	8.7	6.4	4.7	31%	34%	33%	1%	1%	1%
HD Hyundai Electric	267260.KS	Buy (CBE)	1,040,000.00	725,000.00	43%	0.81	26%	26.8	20.9	17.0	9.3	6.9	5.3	40%	38%	35%	1%	1%	2%
LS Electric	010120.KS	Neutral (CBE)	240,000.00	211,500.00	13%	1.17	35%	59.6	41.0	32.7	12.5	10.1	8.2	23%	27%	28%	1%	1%	1%
Simple Average						**0.74**	**40%**	**42.3**	**28.1**	**21.4**	**12.0**	**9.8**	**7.7**	**33%**	**39%**	**41%**	**1%**	**1%**	**1%**

Source: Reuters, UBS estimates

We no longer view this valuation as compelling as we believe the company deserve a discount compared to global peers due to the the potential regulatory risk from EU.

In terms of PE, our price target implies 21x 2026E PE, below the historical average of 23x.

Figure 34: Huaming's one-year-forward PE



Source: Reuters, UBS estimates

Yingliu (downgrade from Buy to Neutral)

Earnings estimates and price target revisions:

We downgrade Yingliu to Neutral from Buy, lowering our price target from Rmb100.00 to Rmb44.00.

We revise 2026E/27E/28E net profit by -28%/-25%/-22% to mainly reflect: 1) 2025 marked to actual and 1H26 results, where higher revenue did not translate into recurring profit growth; and 2) slower conversion of gas turbine component orders into earnings than we and the market expected.

Figure 35: Earnings estimates revision for Yingliu

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	603308.SS	494	826	1,132	538	882	1,335	-8%	-6%	-15%

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Anhui Yingliu Electromechanical (603308.SS)										
Pump and valve parts		1%	5%	9%	397	416	437	392	397	402
	Revenue	-8%	-8%	-8%	1,241	1,303	1,368	1,345	1,413	1,483
	GPM	2.9ppt	3.9ppt	4.9ppt	32%	32%	32%	29%	28%	27%
Mechanical equipment components		-19%	-16%	-14%	870	1,471	1,990	1,070	1,760	2,315
	Revenue	-16%	-14%	-13%	2,198	3,672	4,906	2,631	4,275	5,624
	GPM	-1.1ppt	-1.1ppt	-0.6ppt	40%	40%	41%	41%	41%	41%
Others		-19%	-22%	-26%	32	33	35	39	43	47
	Revenue	-13%	-17%	-21%	89	93	98	103	113	124
	GPM	-2.3ppt	-2.3ppt	-2.3ppt	35%	35%	35%	38%	38%	38%
SG&A expenses		-11%	-11%	-10%	(713)	(1,014)	(1,243)	(805)	(1,134)	(1,377)
Recurring net profit		-28%	-25%	-22%	494	826	1,132	686	1,100	1,449

New

P/E multiple valuation		Forecast returns and rating	
Valuation date	9/17/2026	Current market cap (Rmb m)	28,160
1-year forward target PE multiple	36.0x	Current share price	41.47
2026E EPS (Rmb)	1.24	Price target (Rmb)	44
Implied value per share (Rmb)	44.7	Upside/(Downside)	6.1%
Roll forward at cost of equity	43.8	Forecast dividend yield	0.4%
Less: Dividends per share (Rmb)	(0.1)	Market return assumption	6.7%
Price target (Rmb)	44.00	Forecast excess return	-0.2%
		12-month rating (UBS)	NEUTRAL
Valuation inputs			
Risk-free rate	1.7%		
Equity market risk premium	5.0%		
Beta	1.1		
Cost of equity	7.2%		

Old

P/E multiple valuation		Forecast returns and rating	
Valuation date	9/9/2026	Current market cap (Rmb m)	45,360
1-year forward target PE multiple	60.0x	Current share price	66.80
2026E EPS (Rmb)	1.65	Price target (Rmb)	100
Implied value per share (Rmb)	99.0	Upside/(Downside)	55.7%
Roll forward at cost of equity	103.9	Forecast dividend yield	0.2%
Less: Dividends per share (Rmb)	(0.1)	Market return assumption	6.7%
Price target (Rmb)	104.00	Forecast excess return	49.2%
		12-month rating (UBS)	BUY
Valuation inputs			
Risk-free rate	1.7%		
Equity market risk premium	5.0%		
Beta	1.1		
Cost of equity	7.2%		

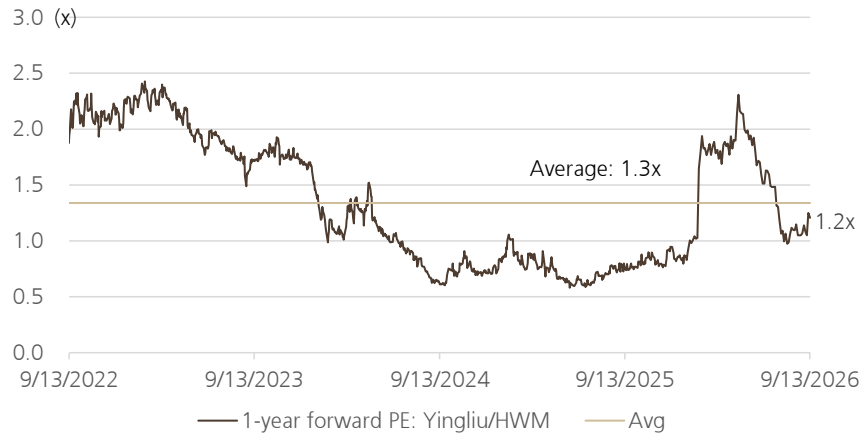
Source: Reuters, company data, UBS estimates

Valuation: We lower our PE-based price target as we roll our valuation base forward and cut our target PE to 36x from 60x, in line with where the stock currently trades. The

multiple cut reflects the global de-rating of the gas turbine supply chain following SpaceX's in-house blade casting announcement and an improved supply and demand balance.

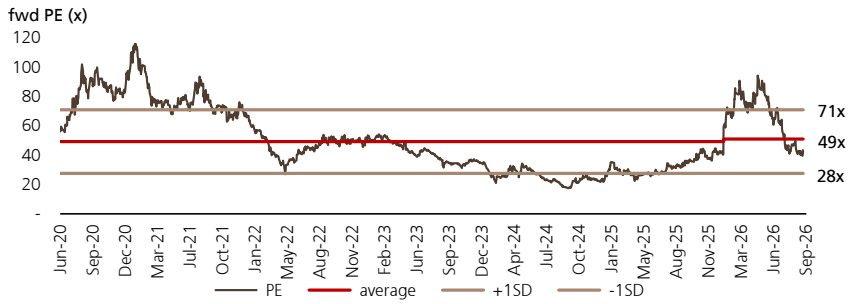
We see limited upside at the current valuation. Yingliu trades at 1.2x Howmet's one-year forward PE, in line with its historical average of 1.3x since 2022. We believe the company, as a marginal supplier in the shortage, should trade at a smaller premium to its international peer once the shortage eases.

Figure 36: Relative valuation (Yingliu vs Howmet)



Source: Reuters, UBS estimates

Figure 37: Yingliu's one-year-forward PE



Source: Reuters, UBS estimates

NARI Technology (maintain Buy)

Earnings estimates and price target revisions:

We maintain Buy on NARI, lowering our price target from Rmb42.00 to Rmb27.00.

We revise 2026E/27E/28E net profit by -11%/-18%/-24% to mainly reflect: 1) 2025 marked to actual, with slower tendering in 2026 and the 1H run-rate extrapolated; 2) lower smart grid revenue and margins from 2027E; and 3) lower energy digitalisation revenue. Our estimates are now in line with consensus.

We lower our DCF-based price target on both lower earnings and a higher discount rate. We lift our WACC to 6.9% from 6.5% to reflect the lower visibility on grid tendering. This lowers our terminal NOPAT multiple to 21.5x from 24.5x.

Our price target implies a 3% dividend yield with a 6.9% WACC and terminal growth rate of 4.0%.

We derive our WACC by assuming a 2.0% risk-free rate, 7.2% cost of equity and 4.0% after-tax cost of debt.

Figure 38: Earnings estimates revision for NARI

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	600406.SS	8,713	9,836	11,056	8,835	9,775	10,902	-1%	1%	1%

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
NARI Technology (600406.SS)										
Smart grid 智能电网		**-3%**	**-8%**	**-13%**	**11,384**	**13,092**	**15,056**	**11,679**	**14,244**	**17,368**
	Revenue	0%	-4%	-8%	38,435	44,201	50,831	38,261	45,913	55,096
	GPM	-0.9ppt	-1.4ppt	-1.9ppt	30%	30%	30%	31%	31%	32%
Energy digitalisation 数能融合		**-20%**	**-27%**	**-33%**	**3,061**	**3,367**	**3,704**	**3,824**	**4,589**	**5,507**
	Revenue	-21%	-27%	-33%	13,534	14,887	16,376	17,063	20,476	24,571
	GPM	0.2ppt	0.2ppt	0.2ppt	23%	23%	23%	22%	22%	22%
Decarbonisation solutions 能源低碳		**-6%**	**-10%**	**-14%**	**3,791**	**4,249**	**4,759**	**4,018**	**4,712**	**5,523**
	Revenue	5%	1%	-3%	19,239	22,125	25,444	18,278	21,933	26,320
	GPM	-2.3ppt	-2.3ppt	-2.3ppt	20%	19%	19%	22%	21%	21%
Industrial control 工业互联		**-20%**	**-20%**	**-20%**	**682**	**716**	**752**	**852**	**895**	**939**
	Revenue	0%	0%	0%	3,165	3,323	3,489	3,161	3,319	3,485
	GPM	-5.4ppt	-5.4ppt	-5.4ppt	22%	22%	22%	27%	27%	27%
Integration & others 集成及其他		**-57%**	**-57%**	**-58%**	**159**	**137**	**118**	**369**	**321**	**280**
	Revenue	-47%	-47%	-47%	618	557	501	1,165	1,048	943
	GPM	-6.0ppt	-6.0ppt	-6.0ppt	26%	25%	24%	32%	31%	30%
Non-core		**-21%**	**-21%**	**-21%**	**52**	**55**	**57**	**66**	**69**	**73**
	Revenue	-26%	-26%	-26%	76	80	84	103	109	114
	GPM	4.6ppt	4.6ppt	4.6ppt	68%	68%	68%	64%	64%	64%
SG&A expenses		**-4%**	**-6%**	**-9%**	**(8,989)**	**(10,199)**	**(11,582)**	**(9,364)**	**(10,904)**	**(12,711)**
Reccurring net profit		**-11%**	**-18%**	**-24%**	**8,713**	**9,836**	**11,056**	**9,803**	**11,955**	**14,615**

WACC derivation **New**

Risk-free rate	2.0%	Terminal ROIC	10.5%
Equity risk premium	5.0%	Terminal growth rate	4.0%
Beta	1.0	WACC	6.9%
Cost of equity	**7.2%**	**NOPAT multiple**	21.5x
Cost of debt	4.5%		
Effective tax rate	10.8%		
After tax cost of debt	**4.0%**		
Long-term debt to total cap	10%		
WACC	**6.9%**		
Long-term growth rate	**4.0%**		

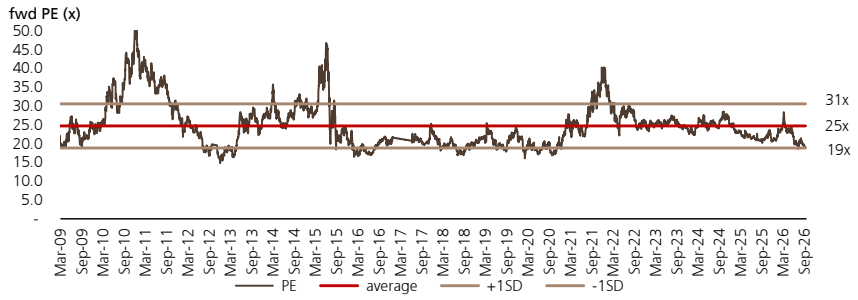
WACC derivation **Old**

Risk-free rate	2.0%	Terminal ROIC	10.5%
Equity risk premium	5.0%	Terminal growth rate	4.0%
Beta	1.0	WACC	6.5%
Cost of equity	**6.8%**	**NOPAT multiple**	24.5x
Cost of debt	4.5%		
Effective tax rate	10.8%		
After tax cost of debt	**4.0%**		
Long-term debt to total cap	10%		
WACC	**6.5%**		
Long-term growth rate	**4.0%**		

Source: Reuters, company data, UBS estimates

Valuation: NARI trades at 18x 2027E PE against a 13% net profit CAGR over 2026-28E and its historical average of 25x.

Figure 39: NARI's one-year-forward PE



Source: Reuters, UBS estimates

Willfar Information (downgrade from Buy to Neutral)

Earnings estimates and price target revisions:

We downgrade Willfar to Neutral from Buy, lowering our price target from Rmb64.00 to Rmb25.00.

We revise 2026E/27E/28E net profit by -29%/-32%/-35% to mainly reflect: 1) 2025 marked to actual and 1H26 results, with weak 1H tenders and the 1H run-rate extrapolated; 2) 2-3ppt lower sensing and network equipment revenue and a 2-3ppt lower sensing equipment gross margin; and 3) lower overseas revenue, as shipments are delayed by the conflict in the Middle East.

We lower our DCF-based price target on both lower earnings and a higher discount rate. We lift our WACC to 10.8% from 9.8% to reflect the lower visibility on grid tendering.

Our price target implies a 2% dividend yield with a 10.8% WACC and terminal growth rate of 3.0%.

We derive our WACC by assuming a 2.0% risk-free rate, 10.8% cost of equity and 3.0% after-tax cost of debt.

Figure 40: Earnings estimates revision for Willfar

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	688100.SS	630	795	1,003						

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Willfar Information Technology (688100.SS)										
Sensing equipment		**-33%**	**-36%**	**-40%**	**488**	**628**	**809**	**728**	**987**	**1,339**
	Revenue	-29%	-32%	-35%	1,347	1,734	2,232	1,906	2,552	3,418
	GPM	-2.0ppt	-2.5ppt	-3.0ppt	36%	36%	36%	38%	39%	39%
Network equipment		**-24%**	**-24%**	**-23%**	**590**	**743**	**937**	**780**	**975**	**1,220**
	Revenue	-25%	-24%	-23%	1,315	1,657	2,088	1,743	2,180	2,727
	GPM	0.1ppt	0.1ppt	0.1ppt	45%	45%	45%	45%	45%	45%
IoTE applications		**27%**	**11%**	**-2%**	**70**	**77**	**85**	**55**	**69**	**86**
	Revenue	33%	17%	3%	308	339	373	231	289	362
	GPM	-1.2ppt	-1.2ppt	-1.2ppt	23%	23%	23%	24%	24%	24%
Non-core		**103%**	**103%**	**103%**	**17**	**17**	**17**	**8**	**8**	**8**
	Revenue	106%	106%	106%	21	21	21	10	10	10
	GPM	-1.1ppt	-1.1ppt	-1.1ppt	81%	81%	81%	82%	82%	82%
SG&A expenses		**-25%**	**-26%**	**-27%**	**(422)**	**(529)**	**(665)**	**(564)**	**(714)**	**(905)**
Recurring net profit		**-29%**	**-32%**	**-35%**	**630**	**795**	**1,003**	**892**	**1,170**	**1,538**

WACC derivation **New**

Risk-free rate	2.0%	Terminal growth rate	3.0%
Equity risk premium	5.0%	WACC	10.8%
Beta	1.8		
Cost of equity	**10.8%**		
Cost of debt	3.5%		
Statutory tax rate	15.0%		
After tax cost of debt	**3.0%**		
Long-term debt to total cap	0%		
WACC	**10.8%**		
Long-term growth rate	**3.0%**		

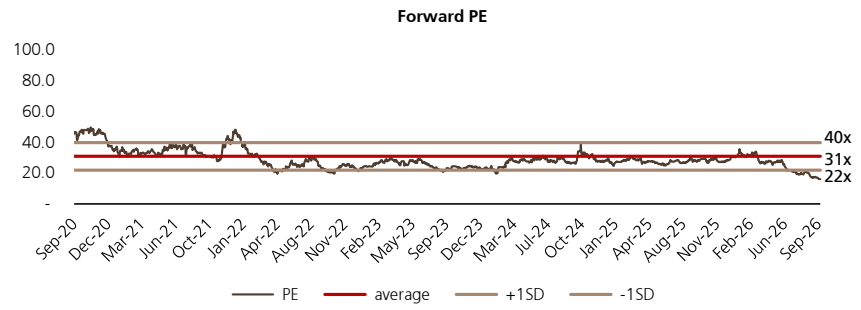
WACC derivation **Old**

Risk-free rate	1.8%	Terminal growth rate	3.0%
Equity risk premium	5.0%	WACC	9.8%
Beta	1.6		
Cost of equity	**9.8%**		
Cost of debt	3.5%		
Statutory tax rate	15.0%		
After tax cost of debt	**3.0%**		
Long-term debt to total cap	0%		
WACC	**9.8%**		
Long-term growth rate	**3.0%**		

Source: Reuters, company data, UBS estimates

Valuation: Willfar trades at 15x 2027E PE against a 26% net profit CAGR over 2026-28E and its historical average of 28x. Our price target is in line with the share price, where we view the timing of a tender recovery is uncertain.

Figure 41: Willfar's one-year-forward PE



Source: Reuters, UBS estimates

Sanxing Electric (downgrade from Buy to Neutral)

Earnings estimates and price target revisions:

We downgrade Sanxing to Neutral from Buy, lowering our price target from Rmb39.10 to Rmb14.00.

We revise 2026E/27E/28E net profit by -58%/-63%/-66% to mainly reflect: 1) 2025 marked to actual and the 1H run-rate extrapolated; 2) lower domestic power equipment revenue and a 7-9ppt lower gross margin on weak tenders; 3) lower overseas revenue, as shipments are delayed by the conflict in the Middle East; and 4) lower healthcare services revenue.

We lower our SOTP-based price target as we roll forward our valuation and cut our blended PE to 13x from 15x to reflect the lower visibility on grid tendering.

Figure 42: Earnings estimates revision for Sanxing

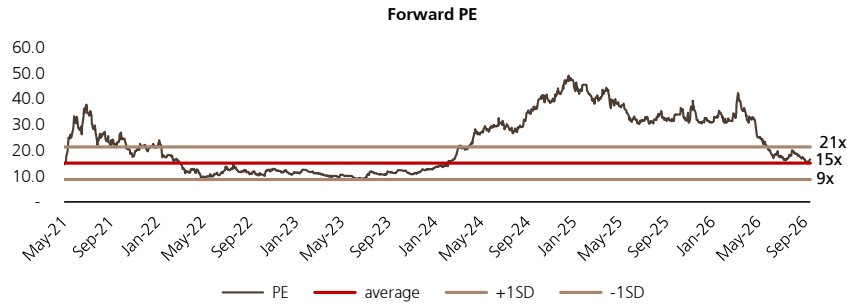
Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	601567.SS	1,044	1,292	1,592						

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Ningbo Sanxing Medical Electric (601567.SS)										
Power equipment		**-38%**	**-45%**	**-50%**	**3,158**	**3,745**	**4,436**	**5,057**	**6,751**	**8,881**
	Revenue	-21%	-28%	-34%	12,589	14,358	16,381	15,896	19,967	24,798
	GPM	-6.7ppt	-7.7ppt	-8.7ppt	25%	26%	27%	32%	34%	36%
Healthcare services		**-11%**	**-19%**	**-26%**	**799**	**870**	**946**	**900**	**1,076**	**1,285**
	Revenue	-16%	-24%	-30%	2,976	3,124	3,281	3,559	4,093	4,707
	GPM	1.5ppt	1.5ppt	1.5ppt	27%	28%	29%	25%	26%	27%
Financial lease		**-8%**	**85%**	**270%**	**1**	**1**	**1**	**2**	**1**	**0**
	Revenue	-8%	85%	270%	1	1	1	2	1	0
	GPM	0.0ppt	0.0ppt	0.0ppt	100%	100%	100%	100%	100%	100%
Others		**18%**	**-1%**	**-17%**	**139**	**146**	**153**	**118**	**147**	**184**
	Revenue	-31%	-42%	-52%	232	244	256	338	422	528
	GPM	25.2ppt	25.2ppt	25.2ppt	60%	60%	60%	35%	35%	35%
SG&A expenses		**-13%**	**-20%**	**-26%**	**(2,808)**	**(3,151)**	**(3,540)**	**(3,239)**	**(3,958)**	**(4,795)**
Recurring net profit		**-58%**	**-63%**	**-66%**	**1,044**	**1,292**	**1,592**	**2,486**	**3,462**	**4,740**

Source: Reuters, company data, UBS estimates

Valuation: Sanxing trades at 16x 2027E PE against a 23% net profit CAGR over 2026-28E. Our price target is in line with the share price.

Figure 43: Sanxing's one-year-forward PE



Source: Reuters, UBS estimates

Dongfang Electric-A (maintain Buy)

Earnings estimates and price target revisions:

We maintain Buy on Dongfang Electric-A, lowering our price target from Rmb62.00 to Rmb32.00.

We revise 2026E/27E/28E net profit by +4%/-4%/-2% to mainly reflect: 1) 2025 marked to actual and 1H26 results; 2) lower wind revenue and margins; 3) higher hydro revenue and margins on pumped storage delivery; and 4) lower impairment losses. Our thermal equipment assumptions are unchanged.

We lower our PE-based price target as we roll our valuation base forward from 2026E to 2027E EPS and cut our target PE to 16x from 25x. The cut in target multiple reflects the overall de-rating of global power equipment names, along with a risk overhang on the potential cancellation on the 10 heavy-duty gas turbine units sold into North America.

The sector has de-rated by around 50% from its peak, our price target change is largely in line with the sector.

Figure 44: Earnings estimates revision for Dongfang-A

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	600875.SS	5,262	6,981	9,231	5,073	5,675	5,301	4%	23%	74%
	1072.HK									

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Dongfang Electric - A										
Gas Turbine		**0%**	**-27%**	**-7%**	**805**	**1,653**	**2,909**	**805**	**2,272**	**3,138**
	Revenue	0%	0%	19%	6,190	9,609	13,965	6,190	9,629	11,720
	GPM	0.0ppt	-6.4ppt	-5.9ppt	13%	17%	21%	13%	24%	27%
Nuclear power equipment		**0%**	**0%**	**0%**	**1,741**	**2,221**	**2,831**	**1,741**	**2,221**	**2,831**
	Revenue	0%	0%	0%	7,075	8,844	11,055	7,075	8,844	11,055
	GPM	0.0ppt	0.0ppt	0.0ppt	25%	25%	26%	25%	25%	26%
Thermal power equipment		**0%**	**0%**	**0%**	**5,321**	**5,587**	**5,866**	**5,321**	**5,587**	**5,866**
	Revenue	0%	0%	0%	25,716	27,002	28,352	25,716	27,002	28,352
	GPM	0.0ppt	0.0ppt	0.0ppt	21%	21%	21%	21%	21%	21%
Wind		**-49%**	**-41%**	**-38%**	**516**	**969**	**1,507**	**1,013**	**1,647**	**2,448**
	Revenue	-13%	-17%	-20%	18,224	20,047	22,051	20,958	24,101	27,717
	GPM	-2.0ppt	-2.0ppt	-2.0ppt	3%	5%	7%	5%	7%	9%
Hydro		**29%**	**29%**	**29%**	**876**	**963**	**1,059**	**677**	**745**	**819**
	Revenue	18%	18%	18%	5,074	5,581	6,139	4,293	4,722	5,195
	GPM	1.5ppt	1.5ppt	1.5ppt	17%	17%	17%	16%	16%	16%
Modern manufacturing service industry		**-6%**	**-10%**	**-11%**	**3,800**	**4,560**	**5,472**	**4,040**	**5,060**	**6,172**
	Revenue	-6%	-10%	-11%	8,175	9,811	11,773	8,692	10,886	13,278
	GPM	0.0ppt	0.0ppt	0.0ppt	46%	46%	46%	46%	46%	46%
SG&A expenses		**-5%**	**-8%**	**-9%**	**(8,339)**	**(9,216)**	**(10,241)**	**(8,756)**	**(10,030)**	**(11,292)**
Impairment losses		**-21%**	**-21%**	**-21%**	**(1,522)**	**(1,522)**	**(1,522)**	**(1,925)**	**(1,925)**	**(1,925)**
Finance gain (cost)		**0%**	**-1%**	**-1%**	**(150)**	**(144)**	**(137)**	**(150)**	**(146)**	**(139)**
Investment income		**0%**	**0%**	**0%**	**867**	**867**	**867**	**867**	**867**	**867**
Other income and expenses		**-3%**	**-4%**	**-4%**	**956**	**1,078**	**1,223**	**983**	**1,126**	**1,268**
Report net profit		**4%**	**-4%**	**-2%**	**5,262**	**6,981**	**9,231**	**5,046**	**7,287**	**9,388**

New

P/E multiple valuation		Forecast returns and rating	
Valuation date	9/15/2026		
1-year forward target PE multiple	**16x**	Current share price	25.60
2026E EPS (Rmb)	2.02	**Price target (Rmb)**	**32.0**
Implied value per share (Rmb)	**32.30**	Upside/(Downside)	25.0%
Roll forward at cost of equity	32	Forecast dividend yield	2.1%
Less: Dividends per share (Rmb)	0.22	Market return assumption	6.8%
Price target (Rmb)	**32.00**	Forecast excess return	20.3%
		12-month rating (UBS)	**BUY**
Valuation inputs			
Risk-free rate	1.8%		
Equity market risk premium	5.0%		
Beta	1.0		
Cost of equity	**6.9%**		

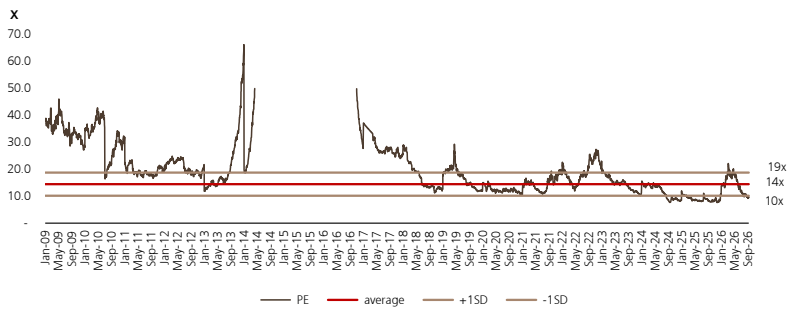
Old

P/E multiple valuation		Forecast returns and rating	
Valuation date	5/6/2026		
2027 forward target PE multiple	**25x**	Current share price	25.60
2027E EPS (Rmb)	2.45	**Price target (Rmb)**	**62.0**
Implied value per share (Rmb)	**61.35**	Upside/(Downside)	52.6%
Roll forward at cost of equity	63	Forecast dividend yield	1.3%
Less: Dividends per share (Rmb)	(0.28)	Market return assumption	6.8%
Price target (Rmb)	**62.00**	Forecast excess return	47.1%
		12-month rating (UBS)	**BUY**
Valuation inputs			
Risk-free rate	1.8%		
Equity market risk premium	5.0%		
Beta	1.0		
Cost of equity	**6.9%**		

Source: Reuters, company data, UBS estimates

Valuation: Dongfang-A trades at 12x 2027E PE against a 32% net profit CAGR over 2026-28E, and our estimates are 4%/23%/74% above consensus.

Figure 45: Dongfang-A's one-year-forward PE



Source: Reuters, UBS estimates

Dongfang Electric Corporation (maintain Buy)

Earnings estimates and price target revisions:

We maintain Buy on Dongfang Electric Corporation, lowering our price target from HK $68.00 to HK$26.00.

We revise 2026E/27E/28E net profit by -8%/-18%/-15% to mainly reflect: 1) 2025 marked to actual and 1H26 results; 2) lower wind revenue and margins; 3) higher hydro revenue and margins on pumped storage delivery; and 4) lower impairment losses. Our thermal equipment assumptions are unchanged.

We lower our PE-based price target as we roll our valuation base forward from 2026E to 2027E EPS and cut our target PE to 11x from 25x. The cut in target multiple reflects the overall de-rating of global power equipment names, along with a risk overhang on the potential cancellation on the 10 heavy-duty gas turbine units sold into North America.

The sector has de-rated by around 50% from its peak, our price target change is largely in line with the sector.

Figure 46: Earnings estimates revision for Dongfang-H

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	600875.SS	5,262	6,981	9,231	5,073	5,675	5,301	4%	23%	74%
	1072.HK									

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Dongfang Electric - A										
Gas Turbine		**0%**	**-27%**	**-7%**	**805**	**1,653**	**2,909**	**805**	**2,272**	**3,138**
	Revenue	0%	0%	19%	6,190	9,609	13,965	6,190	9,629	11,720
	GPM	0.0ppt	-6.4ppt	-5.9ppt	13%	17%	21%	13%	24%	27%
Nuclear power equipment		**0%**	**0%**	**0%**	**1,741**	**2,221**	**2,831**	**1,741**	**2,221**	**2,831**
	Revenue	0%	0%	0%	7,075	8,844	11,055	7,075	8,844	11,055
	GPM	0.0ppt	0.0ppt	0.0ppt	25%	25%	26%	25%	25%	26%
Thermal power equipment		**0%**	**0%**	**0%**	**5,321**	**5,587**	**5,866**	**5,321**	**5,587**	**5,866**
	Revenue	0%	0%	0%	25,716	27,002	28,352	25,716	27,002	28,352
	GPM	0.0ppt	0.0ppt	0.0ppt	21%	21%	21%	21%	21%	21%
Wind		**-49%**	**-41%**	**-38%**	**516**	**969**	**1,507**	**1,013**	**1,647**	**2,448**
	Revenue	-13%	-17%	-20%	18,224	20,047	22,051	20,958	24,101	27,717
	GPM	-2.0ppt	-2.0ppt	-2.0ppt	3%	5%	7%	5%	7%	9%
Hydro		**29%**	**29%**	**29%**	**876**	**963**	**1,059**	**677**	**745**	**819**
	Revenue	18%	18%	18%	5,074	5,581	6,139	4,293	4,722	5,195
	GPM	1.5ppt	1.5ppt	1.5ppt	17%	17%	17%	16%	16%	16%
Modern manufacturing service industry		**-6%**	**-10%**	**-11%**	**3,800**	**4,560**	**5,472**	**4,040**	**5,060**	**6,172**
	Revenue	-6%	-10%	-11%	8,175	9,811	11,773	8,692	10,886	13,278
	GPM	0.0ppt	0.0ppt	0.0ppt	46%	46%	46%	46%	46%	46%
Report net profit		**-8%**	**-18%**	**-15%**	**5,262**	**6,981**	**9,231**	**5,738**	**8,486**	**10,906**

New

P/E multiple valuation		Forecast returns and rating	
Valuation date	9/15/2026		
2027 forward target PE multiple	**11x**	Current share price (HKD)	20.28
2027E EPS (Rmb)	2.02	**Price target (HKD)**	**26.0**
Implied value per share (Rmb)	**22.20**	Upside/(Downside)	28.2%
Roll forward at cost of equity	22	Forecast dividend yield	2.6%
Less: Dividends per share (Rmb)	0.22	Market return assumption	8.5%
Price target (Rmb)	**22.05**	Forecast excess return	22.3%
Price target (HKD)	26.0	**12-month rating (UBS)**	**BUY**
HKD/Rmb	1		
Valuation inputs	0.0%		
Risk-free rate	3.5%		
Equity market risk premium	0.1		
Beta	**49.0%**		

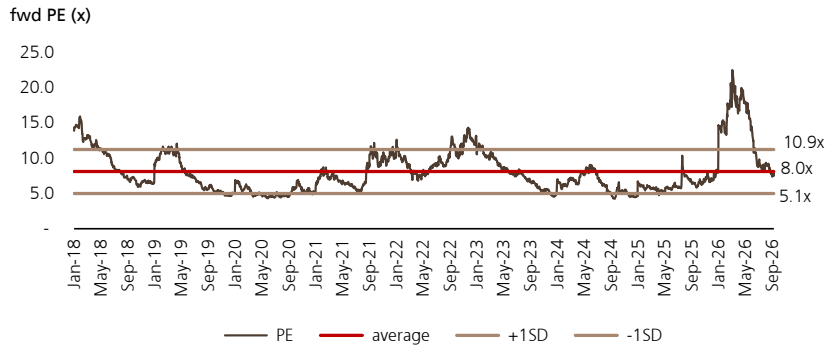
Old

P/E multiple valuation		Forecast returns and rating	
Valuation date	5/7/2026		
2027 forward target PE multiple	**25x**	Current share price (HKD)	38.76
2027E EPS (Rmb)	2.11	**Price target (HKD)**	**68.0**
Implied value per share (Rmb)	**52.68**	Upside/(Downside)	52.2%
Roll forward at cost of equity	54	Forecast dividend yield	1.4%
Less: Dividends per share (Rmb)	(0.30)	Market return assumption	8.5%
Price target (Rmb)	**53.50**	Forecast excess return	45.1%
Price target (HKD)	59.0	**12-month rating (UBS)**	**BUY**
HKD/Rmb	1		
Valuation inputs	0.0%		
Risk-free rate	3.5%		
Equity market risk premium	0.1		
Beta	**49.0%**		

Source: Reuters, company data, UBS estimates

Valuation: Dongfang-H trades at 8x 2027E PE against a 32% net profit CAGR over 2026-28E, with a 2027E dividend yield of 6%.

Figure 47: Dongfang-H's one-year-forward PE



Source: Reuters, UBS estimates

Harbin Electric (maintain Buy)

Earnings estimates and price target revisions:

We maintain Buy on Harbin Electric, lowering our price target from HK$45.00 to HK $21.90.

We revise 2026E/27E/28E net profit by +11%/+4%/+2% to mainly reflect: 1) FY25 marked to actual and 1H26 results, with net profit up 63% and the 1H run-rate extrapolated; 2) a 6ppt higher thermal equipment gross margin as higher-priced 2024-25 orders flow through; and 3) higher O&M service revenue, partly offset by lower gas turbine and nuclear equipment revenue.

We lower our PE-based price target as we roll our valuation base forward from 2026E to 2027E EPS and cut our target PE to 9x from 20x, following the de-rating of the global power equipment peers and the sector. We set the target at a narrower discount to Dongfang-H than before, as Harbin's inclusion in Southbound Stock Connect should improve liquidity.

The sector has de-rated by around 50% from its peak, our price target change is largely in line with the sectorc de-rating.

Figure 48: Earnings estimates revision for Harbin Electric

Company	Ticker	UBS Earnings estimates 2026E	2027E	2028E	Consensus 2026E	2027E	2028E	Difference 2026E	2027E	2028E
	1133.HK	3,779	4,704	5,671	3,512	3,796	4,588	8%	24%	24%

Rmb mn	Key Drivers	Changes % 2026E	2027E	2028E	New 2026E	2027E	2028E	Old 2026E	2027E	2028E
Harbin Electric (1133.HK)										
Steam equipment (gas turbine)		**-50%**	**-50%**	**-50%**	**106**	**425**	**599**	**213**	**855**	**1,204**
	Revenue	-50%	-50%	-50%	961	1,653	2,057	1,933	3,326	4,138
	GPM	0.0ppt	0.0ppt	0.0ppt	11%	26%	29%	11%	26%	29%
Nuclear power equipment		**-44%**	**-43%**	**-41%**	**1,364**	**1,774**	**2,303**	**2,442**	**3,100**	**3,936**
	Revenue	-29%	-29%	-29%	5,479	6,848	8,560	7,705	9,632	12,040
	GPM	-6.8ppt	-6.3ppt	-5.8ppt	25%	26%	27%	32%	32%	33%
Thermal power equipment		**31%**	**31%**	**31%**	**3,828**	**4,019**	**4,220**	**2,911**	**3,057**	**3,210**
	Revenue	-11%	-11%	-11%	19,453	20,426	21,447	21,765	22,853	23,996
	GPM	6.3ppt	6.3ppt	6.3ppt	20%	20%	20%	13%	13%	13%
Hydro power equipment and others		**26%**	**26%**	**26%**	**1,305**	**1,435**	**1,579**	**1,035**	**1,138**	**1,252**
	Revenue	-16%	-16%	-16%	6,361	6,997	7,697	7,575	8,333	9,166
	GPM	6.9ppt	6.9ppt	6.9ppt	21%	21%	21%	14%	14%	14%
Modern manufacturing service industry (Mostly are O&M services)		**27%**	**28%**	**30%**	**1,133**	**1,286**	**1,459**	**895**	**1,008**	**1,119**
	Revenue	46%	43%	41%	3,669	4,036	4,440	2,514	2,832	3,143
	GPM	-4.7ppt	-3.7ppt	-2.7ppt	31%	32%	33%	36%	36%	36%
Others		**-3%**	**-3%**	**-3%**	**311**	**342**	**376**	**320**	**352**	**387**
	Revenue	33%	33%	33%	14,606	16,067	17,674	11,023	12,125	13,337
	GPM	-0.8ppt	-0.8ppt	-0.8ppt	2%	2%	2%	3%	3%	3%
SG&A expenses		**-4%**	**-9%**	**-14%**	**(3,918)**	**(4,060)**	**(4,171)**	**(4,089)**	**(4,480)**	**(4,855)**
Report net profit		**11%**	**4%**	**2%**	**3,779**	**4,704**	**5,671**	**3,404**	**4,525**	**5,578**

New

P/E multiple valuation	
Valuation date	9/15/2026
1-year forward target PE multiple	**9.0x**
2026E EPS (Rmb)	2.10
Implied value per share (Rmb)	**18.93**
Roll forward at cost of equity	19
Less: Dividends per share (Rmb)	0.17
Price target (Rmb)	**18.8**
Price target (HKD)	**22.00**
HKD/Rmb	0.9
Valuation inputs	
Risk-free rate	3.5%
Equity market risk premium	5.0%
Beta	0.4
Cost of equity	**5.5%**

Forecast returns and rating	
Current share price (HKD)	15.15
Price target (HKD)	**21.9**
Upside/(Downside)	44.4%
Forecast dividend yield	2.4%
Market return assumption	8.5%
Forecast excess return	38.2%
12-month rating (UBS)	**BUY**

Old

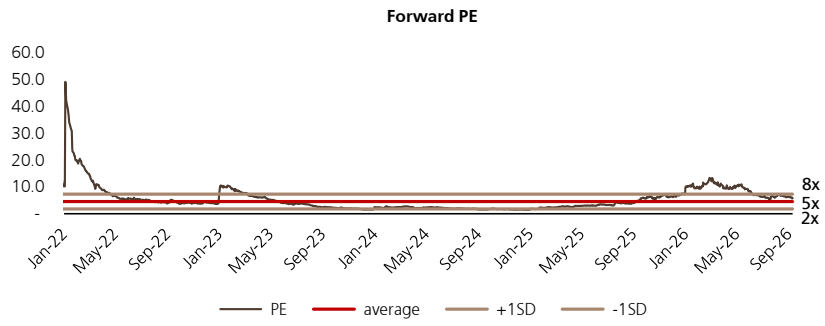
P/E multiple valuation	
Valuation date	2/11/2026
1-year forward target PE multiple	**20.0x**
2026E EPS (Rmb)	1.52
Implied value per share (Rmb)	**30.44**
Roll forward at cost of equity	32
Less: Dividends per share (Rmb)	(0.85)
Price target (Rmb)	**31.5**
Price target (HKD)	**35.00**
HKD/Rmb	0.9
Valuation inputs	
Risk-free rate	3.5%
Equity market risk premium	5.0%
Beta	0.4
Cost of equity	**5.5%**

Forecast returns and rating	
Current share price (HKD)	21.80
Price target (HKD)	**45.0**
Upside/(Downside)	58.6%
Forecast dividend yield	2.3%
Market return assumption	8.5%
Forecast excess return	52.4%
12-month rating (UBS)	**BUY**

Source: Reuters, company data, UBS estimates

Valuation: Harbin trades at 6x 2027E PE against a 23% net profit CAGR over 2026-28E, and our estimates are 8%/24%/24% above consensus.

Figure 49: Harbin Electric's one-year-forward PE



Source: Reuters, UBS estimates

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: Can Sieyuan sustain around 50% overseas order growth in 2026-27E?
Unlikely beyond 2027E. Overseas revenue growth slowed to 11% in 1H26, and we expect Western transformer capacity landing in 2027-28 to give buyers choice again, with Sieyuan, as a marginal supplier, losing share first. We model overseas transformer volume pressure from 2028E.

Q: How much of Sieyuan's European business is exposed to localisation or ownership rules?
Most of it, if the procurement thresholds are applied. Under the precedents in solar, EVs and batteries, local production would cut export gross margins of 35-40% to 22-28%, and a 49% ownership cap would leave only around half of European profit attributable.

UBSVIEW

We downgrade Sieyuan to Neutral. We expect share and margin pressure on the overseas business from 2028E on more Western capacity and rising EU procurement risk, and cut 2026-28E net profit by 2%/5%/17%, leaving us 4-16% below consensus.

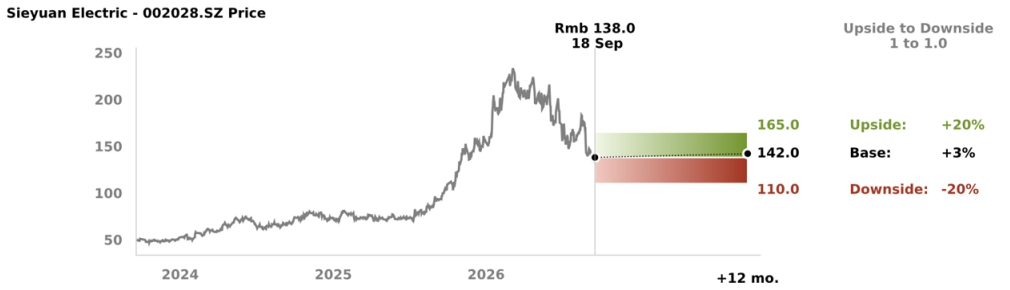
EVIDENCE

1H26 overseas revenue grew 11% against 27% for total revenue; China's share of EU liquid transformer imports rose from 1.5% in 2022 to around 15% in 2025E; Hitachi, Siemens Energy and GE Vernova plants come online in 2027-28.

WHAT´S PRICED IN?

The stock has fallen around 40% from its June peak and trades at 20x 2027E PE, around its historical average. We think the market has priced in the US restrictions and a milder shortage but not the EU overhang; our new price target is in line with the share price.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Revenue CAGR (2026E-28E)	Average gross margin (2026E-28E)
Rmb 165.00 upside	29%	32%
Rmb 142.00 base	27%	31%
Rmb 110.00 downside	24%	29%

Source: UBS estimates

COMPANY DESCRIPTION

Sieyuan Electric's core business is primary power equipment manufacturing. Its key products are HV switchgear and power transformers. The company has expanded its business in secondary equipment and energy storage systems, and is exploring export opportunities. Sieyuan was founded in Shanghai in 1993 and listed on the Shenzhen Stock Exchange in 2004.

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: Can Huaming hold tap-changer gross margins at around 60% as export growth slows?
Partly. We model a 2-3ppt decline in power equipment gross margin over 2026-28E as export growth slows and pricing power eases, while the domestic business stays stable.

Q: Will overseas competition in tap-changers intensify from 2028E?
Yes, in our view. As transformer OEMs regain capacity, we expect them to source tap-changers from incumbent Western suppliers again, and we cut Huaming's overseas revenue from 2028E.

UBSVIEW

We downgrade Huaming to Neutral and cut 2026-28E net profit by 14%/23%/31% on slower export growth, lower margins and more overseas competition. Our new price target implies limited upside.

EVIDENCE

Transformer export growth slowed through 2026; China's share of EU liquid transformer imports rose from 1.5% in 2022 to around 15% in 2025E; Hitachi, Siemens Energy and GE Vernova plants come online in 2027-28.

WHAT´S PRICED IN?

The stock trades at 18x 2027E PE. We think the market prices in stable export demand and has not fully reflected margin and competition risk from 2028E.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Power equipment revenue CAGR (2026E-28E)	Average power equipment GM (2026E-28E)
Rmb 23.00 upside	11%	56%
Rmb 18.00 base	10%	55%
Rmb 14.00 downside	8%	52%

Source: UBS estimates

COMPANY DESCRIPTION

Huaming Power Equipment, founded in Shanghai in 1995, is a leading transformer tap changer producer in China. The company is also engaged in computer numerical control (CNC) machine and power EPC businesses. The company has been expanding its overseas business, mainly to Russia, Europe and Southeast Asia. Huaming made its back-door listing on the Shenzhen Stock Exchange in 2015.

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: When do gas turbine component orders convert into earnings?
Later than we and the market expected. 1H26 revenue rose but recurring profit did not, as new capacity, depreciation and certification costs came in ahead of volume. We now model a slower ramp in 2026-28E.

Q: Does SpaceX casting its own turbine blades change Yingliu's addressable market?
At the margin, yes. It removes one potential customer and signals that hyperscaler-linked demand may be met in-house or by fuel cells, which supports a lower multiple for the gas turbine supply chain.

UBSVIEW

We downgrade Yingliu to Neutral and cut 2026-28E net profit by 28%/25%/22% on slower earnings delivery. We also lower our target PE to 36x from 60x in line with the global de-rating of gas turbine supply chain names.

EVIDENCE

1H26 recurring profit flat on higher revenue; SpaceX in-house blade casting announcement; Siemens Energy's demand outlook raised but OEM capacity rising to 95GW by 2030E.

WHAT´S PRICED IN?

The stock trades at 34x 2027E PE, below its historical average. We think the market has priced in the order book but not the slower conversion to earnings; our new price target is close to the share price.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Pump and valve revenue CAGR (2026E-30E)	Mechanical equipment component revenue CAGR (2026E-30E)	Blended GM (2026E-30E)
Rmb 50.00 upside	5%	42%	40%
Rmb 44.00 base	5%	40%	39%
Rmb 37.00 downside	5%	37%	37%

Source: UBS estimates

COMPANY DESCRIPTION

Anhui Yingliu Electromechanical is a leading casting provider in China that entered the industry in 1990. Its pump and valve parts and mechanical equipment components can be applied in the fields of gas turbine, aerospace, nuclear power, oil and gas, and other equipment. The company generates around half of its revenue from overseas markets, with developed countries as a focus.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Will Dongfang's overseas heavy-duty gas turbine orders resume?
Not soon, in our view. Cumulative overseas heavy-duty orders stand at 15 units with no incremental order since, and we think the share price remains more sensitive to this than to domestic thermal demand.

Q: Can hydro and pumped storage offset the cut to wind?
Largely. We raise hydro net profit by 29% on pumped storage delivery and cut wind by 38-49%, leaving 2026-28E net profit changes at +4%/-4%/-2%, with thermal assumptions unchanged.

UBSVIEW

We maintain Buy. Dongfang benefits from the same replacement-driven thermal demand as Harbin, with 1H26 coal equipment revenue up 16% and gross margin up 1.5ppt. We lower our price targets on a lower target PE and a roll-forward to 2027E, and our estimates are 4%/23%/74% above consensus.

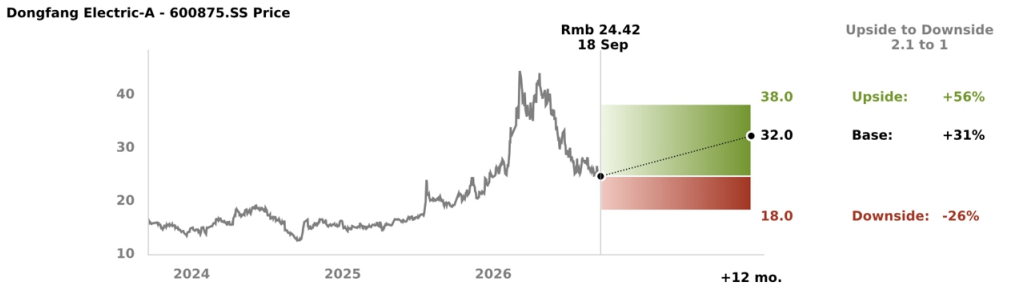
EVIDENCE

1H26 coal equipment revenue +16%, gross margin 19.9%; 2025 international new orders above Rmb14bn; new build guidance of 20GW a year in 2027-30 with replacement demand on top.

WHAT'S PRICED IN?

The stock trades at 12x 2027E PE, one standard deviation below its historical average. We think the market prices in a declining coal order book and slow overseas gas turbine progress, but not the replacement and upgrade demand to 2030.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Maintenance services revenue CAGR (2026E-30E)	Power equipment revenue CAGR (2026E-30E)	Maintenance services GM (2026E-30E)	Power equipment blended GM (2026E-30E)
Rmb 38.00 upside	23%	19%	48%	24%
Rmb 32.00 base	20%	15%	46%	22%
Rmb 18.00 downside	14%	12%	43%	20%

Source: Reuters, UBS estimates

COMPANY DESCRIPTION

Dongfang Electric Corp Ltd is a leading Chinese state-owned power equipment OEM and provider of related services. It operates through five core segments: Renewable Energy Equipment (wind & hydro), Clean & Efficient Energy Equipment (nuclear, gas turbine, thermal power), Engineering & Trade (project contracting & trading), Modern Manufacturing Services (maintenance services & financial services), and Emerging Growth (hydrogen, energyefficiency, intelligent manufacturing).

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Will Dongfang's overseas heavy-duty gas turbine orders resume?
Not soon, in our view. Cumulative overseas heavy-duty orders stand at 15 units with no incremental order since, and we think the share price remains more sensitive to this than to domestic thermal demand.

Q: Can hydro and pumped storage offset the cut to wind?
Largely. We raise hydro net profit by 29% on pumped storage delivery and cut wind by 38-49%, leaving 2026-28E net profit changes at -8%/-18%/-15%, with thermal assumptions unchanged.

UBSVIEW

We maintain Buy. Dongfang benefits from the same replacement-driven thermal demand as Harbin, with 1H26 coal equipment revenue up 16% and gross margin up 1.5ppt. We lower our price targets on a lower target PE and a roll-forward to 2027E, and our estimates are 4%/23%/74% above consensus.

EVIDENCE

1H26 coal equipment revenue +16%, gross margin 19.9%; 2025 international new orders above Rmb14bn; new build guidance of 20GW a year in 2027-30 with replacement demand on top.

WHAT'S PRICED IN?

The stock trades at 8x 2027E PE, around its historical average. We think the market prices in a declining coal order book and slow overseas gas turbine progress, but not the replacement and upgrade demand to 2030.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Maintenance services revenue CAGR (2026E-30E)	Power equipment revenue CAGR (2026E-30E)	Maintenance services GM (2026E-30E)	Power equipment blended GM (2026E-30E)
HKD 30.00 upside	23%	19%	48%	24%
HKD 26.00 base	20%	15%	46%	22%
HKD 14.00 downside	14%	12%	43%	20%

Source: Reuters, UBS estimates

COMPANY DESCRIPTION

Dongfang Electric Corp Ltd is a leading Chinese state-owned power equipment OEM and provider of related services. It operates through five core segments: Renewable Energy Equipment (wind & hydro), Clean & Efficient Energy Equipment (nuclear, gas turbine, thermal power), Engineering & Trade (project contracting & trading), Modern Manufacturing Services (maintenance services & financial services), and Emerging Growth (hydrogen, energyefficiency, intelligent manufacturing).

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Can Harbin's thermal equipment gross margin reach 20%?
Yes. Higher-priced orders signed in 2024-25 are flowing through, and we raise our thermal gross margin assumption by 6ppt to 20%, which drives our 11% upgrade to 2026E net profit.

Q: Will Southbound Stock Connect inclusion narrow Harbin's discount to Dongfang-H?
We think so. Harbin trades at a ~30% discount to Dongfang-H on 2027E PE, and we set our target PE at a narrower discount than before as inclusion improves liquidity.

UBS VIEW

We maintain Buy. Harbin is the purest play on domestic thermal replacement demand, with 1H26 net profit up 63% and new power equipment orders up 41%. Our estimates are 8%/24%/24% above consensus.

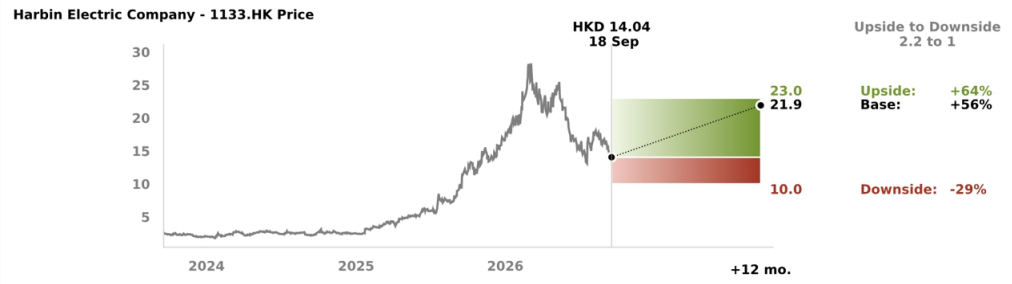
EVIDENCE

1H26 net profit +63%, new power equipment orders +41%; thermal gross margin trending to 20%; Southbound Stock Connect inclusion.

WHAT'S PRICED IN?

The stock trades at 6x 2027E PE, a discount to A-share peers and to Dongfang-H. We think the market prices in a declining coal order book but not the margin uplift from the 2024-25 order book or the replacement demand to 2030.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Maintenance services revenue CAGR (2026E-30E)	Power equipment revenue CAGR (2026E-30E)	Maintenance services GM (2026E-30E)	Power equipment blended GM (2026E-30E)
HKD 23.00 upside	11%	13%	35%	23%
HKD 21.90 base	10%	11%	33%	22%
HKD 10.00 downside	8%	9%	30%	18%

Source: Reuters, UBS estimates

COMPANY DESCRIPTION

Harbin Electric is a leading Chinese state-owned power equipment manufacturer and engineering services provider. Its business has four core segments: 1) new power systems, including thermal, hydro, nuclear, and energy storage equipment; 2) clean, efficient industrial systems, focused on environmental and petrochemical equipment; 3) green and low-carbon drive systems, covering marine power and industrial motors; and 4) other businesses, including EPC contracting, trading, and modern manufacturing services. It serves the domestic and international markets. It has exposure to China's nuclear and hydropower buildout.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Will NARI's 1H26 orders convert into revenue in 3Q?
We expect so. NARI's UHV wins in 2026 YTD already exceed its 2025 total, and its order-to-revenue cycle is a quarter ahead of the distribution and meter names.

Q: Will short covering support the share price once the export-domestic pair trade reverses?
Likely. Our crowding factor analysis shows NARI remains shorted by hedge funds as the short leg against the export names, and we expect covering once the exporters de-rate further.

UBSVIEW

We maintain Buy. We cut 2026-28E net profit by 11%/18%/24% to reflect slower tendering, which puts us in line with consensus, so a tender catch-up would be upside.

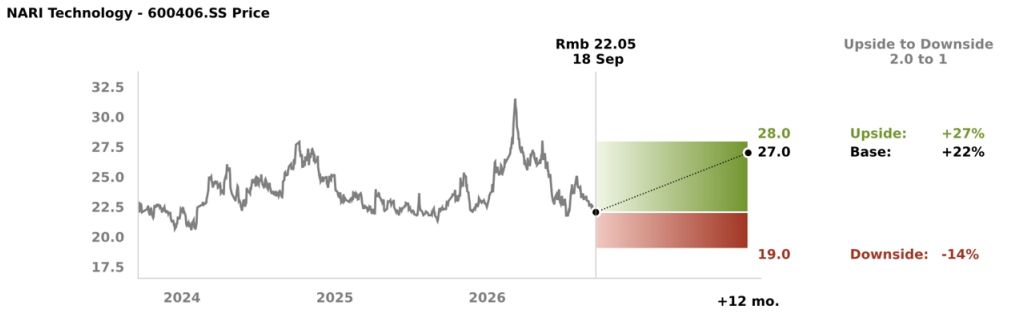
EVIDENCE

UHV wins 2026 YTD above the 2025 total; State Grid backbone tenders down 10% in the first three batches with investment plans unchanged; crowding factor below zero since May 2026.

WHAT'S PRICED IN?

The stock trades at around 18x 2027E PE, one standard deviation below its historical average. We think the market prices in a weak grid year but not the catch-up implied by unchanged investment plans.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Revenue CAGR in 2026E-30E	Average GPM in 2026E-30E
Rmb 28.00 upside	17%	27%
Rmb 27.00 base	14%	25%
Rmb 19.00 downside	12%	22%

Source: UBS estimates

COMPANY DESCRIPTION

NARI Technology is a leading supplier of power and automation technology in China. The company was established in 2001 by Nanjing Automation Research Institute (NARI), the wholly-owned subsidiary of the State Grid Corporation of China, and listed on the Shanghai Stock Exchange in 2003.

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: Will Willfar deliver its guidance of 2H new orders up 66%?
The key test. Its 1H26 new orders fell on deferred State Grid meter and CSG distribution batches, and the 2H batches are the catalysts; we would read delivery on guidance as the turn.

Q: Can sensing equipment margins recover after the 1H reset?
Only gradually. We cut sensing equipment gross margin by 2-3ppt on weaker 1H tenders and expect an inflection in 4Q at the earliest.

UBSVIEW

We downgrade from Buy to Neutral. We cut 2026-28E net profit by 29%/32%/35% on weak 1H tenders and Middle East shipment delays, but our price target still implies 19% upside and the 2H order guidance offers a clear catalyst.

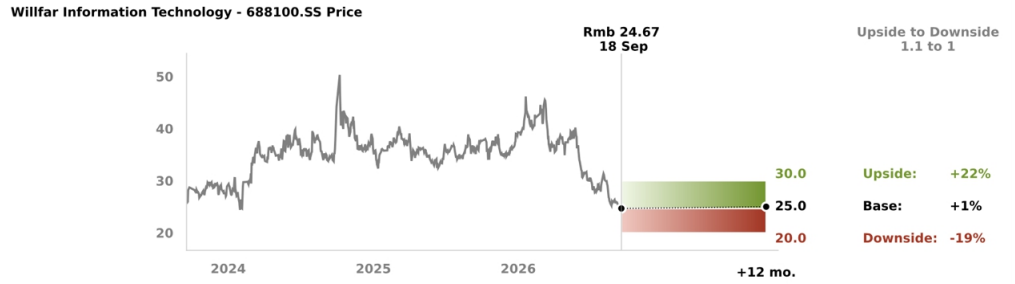
EVIDENCE

1H26 new orders down; State Grid meter batches 2 and 3 and CSG's second distribution batch due in 2H; company guidance of 2H new orders up 66%.

WHAT´S PRICED IN?

The stock trades at 15x 2027E PE, one standard deviation below its historical average. We think the market prices in a weak year but not a 2H order recovery.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Revenue CAGR in 2026E-30E	Average GPM in 2026E-30E
Rmb 30.00 upside	27%	40%
Rmb 25.00 base	25%	38%
Rmb 20.00 downside	22%	35%

Source: UBS estimates

COMPANY DESCRIPTION

Willfar is a utilities-focused internet of things (IoT) products and solutions provider. Its main products are hardware and software products across different levels of IoT, such as utilities monitoring terminals, communications modules and gateways, and energy management software. The company is rapidly expanding its overseas business. Willfar is headquartered in Hunan and was listed on the STAR Board in 2020.

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: When do CSG distribution and State Grid meter tenders resume for Sanxing's products? Not before 4Q, in our view. CSG issued its 2026 distribution batch only in June and the 2025 metering batch is still unawarded, and we expect 3Q results to remain under pressure.

Q: Can overseas distribution transformer shipments recover from the Middle East delays? Gradually. We cut overseas revenue as shipments are delayed by the conflict in the Middle East, and we do not assume a full recovery within our forecast period.

UBSVIEW

We downgrade Sanxing to Neutral. We cut 2026-28E net profit by 58%/63%/66% on weak domestic tenders, a 7-9ppt lower power equipment gross margin, delayed overseas shipments and lower healthcare revenue. Our new price target is in line with the share price.

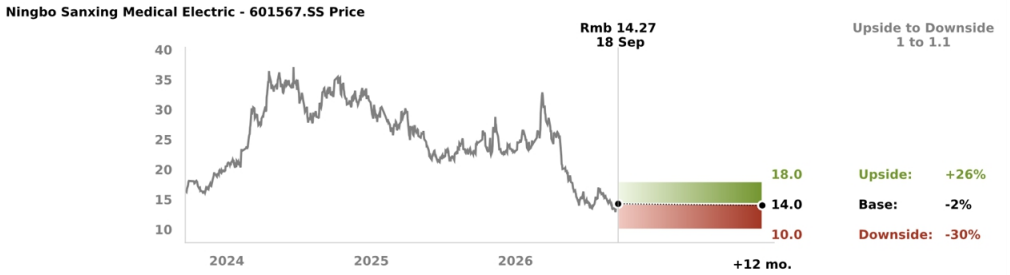
EVIDENCE

1H26 new orders down; 2025 marked to actual; CSG 2026 distribution batch delayed to June; overseas shipment delays.

WHAT´S PRICED IN?

The stock trades at 15x 2027E PE, one standard deviation below its historical average. We think the market prices in a weak 2026, and the tender option is balanced against the earnings reset.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Power equipment revenue CAGR (2026E-30E)	Healthcare services revenue CAGR (2026E-30E)	Blended GM (2026E-30E)
Rmb 18.00 upside	15%	5%	29%
Rmb 14.00 base	14%	5%	27%
Rmb 10.00 downside	14%	5%	25%

Source: UBS estimates

COMPANY DESCRIPTION

Ningbo Sanxing Medical Electric is leading smart metering solution provider in China that entered the metering industry in 1989. The company entered power distribution equipment in 2001 and the healthcare services industry through acquiring a rehabilitation hospital in 2015. The company has been expanding overseas and has established factories in Europe, LatAm, and ASEAN.

Huaming Power Equipment (002270.SZ)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**1,961**	**2,322**	**2,427**	**2,766**	*14.0*	**3,181**	*15.0*	**3,679**	**4,278**	**5,003**
Gross profit	1,024	1,133	1,322	1,517	*14.7*	1,745	*15.0*	2,016	2,343	2,737
EBITDA (UBS)	**665**	**774**	**890**	**1,197**	*34.4*	**1,249**	*4.4*	**1,369**	**1,545**	**1,776**
Depreciation & amortisation	(99)	(106)	(110)	(297)	*-170.5*	(215)	*27.7*	(174)	(157)	(155)
EBIT (UBS)	**566**	**668**	**781**	**900**	*15.3*	**1,035**	*15.0*	**1,195**	**1,388**	**1,621**
Associates & investment income	11	17	(12)	12	-	12	*0.0*	12	12	12
Other non-operating income	17	(3)	14	9	*-35.9*	11	*16.7*	13	15	18
Net interest	11	13	26	16	*-39.3*	21	*30.5*	23	23	22
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**606**	**694**	**809**	**937**	*15.8*	**1,078**	*15.0*	**1,243**	**1,438**	**1,673**
Tax	(95)	(107)	(129)	(150)	*-16.6*	(173)	*-15.1*	(199)	(231)	(268)
Profit after tax	**511**	**587**	**681**	**787**	*15.7*	**906**	*15.0*	**1,044**	**1,207**	**1,404**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(8)	(5)	(10)	(12)	*-16.6*	(13)	*-15.1*	(15)	(18)	(21)
Extraordinary items	40	32	39	52	*32.4*	60	*16.7*	71	83	98
Net earnings (local GAAP)	**542**	**614**	**710**	**827**	*16.6*	**953**	*15.1*	**1,099**	**1,273**	**1,482**
Net earnings (UBS)	**502**	**582**	**671**	**776**	*15.7*	**892**	*15.0*	**1,028**	**1,190**	**1,384**
Tax rate (%)	15.7	15.4	15.9	16.0	*0.7*	16.0	*0.1*	16.0	16.0	16.1

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	0.57	0.65	0.75	0.87	*15.9*	1.00	*15.0*	1.15	1.33	1.54
EPS (local GAAP, diluted)	0.61	0.69	0.79	0.92	*16.9*	1.06	*15.1*	1.23	1.42	1.65
EPS (UBS, basic)	0.57	0.65	0.75	0.87	*15.9*	1.00	*15.0*	1.15	1.33	1.54
DPS (net) (Rmb)	0.82	0.55	0.61	0.71	*16.6*	0.82	*15.1*	0.94	1.09	1.27
Cash EPS (UBS, diluted) [1]	0.68	0.77	0.87	1.20	*37.8*	1.24	*3.2*	1.34	1.50	1.72
Book value per share	3.74	3.53	3.51	3.82	*8.9*	4.17	*9.2*	4.58	5.06	5.61
Average shares (diluted)	889	890	898	896	*-0.2*	896	*0.0*	896	896	896

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	992	1,104	1,166	1,343	*15.2*	1,415	*5.4*	1,428	1,402	1,346
Other current assets	1,992	1,911	2,108	2,356	*11.7*	2,663	*13.0*	3,033	3,481	4,023
Total current assets	**2,984**	**3,015**	**3,274**	**3,699**	*13.0*	**4,078**	*10.3*	**4,461**	**4,882**	**5,370**
Net tangible fixed assets	888	919	1,149	1,323	*15.2*	1,512	*14.3*	1,721	1,953	2,215
Net intangible fixed assets	313	290	608	390	*-35.8*	266	*-31.9*	194	154	130
Investments / other assets	334	234	178	178	*0.0*	178	*0.0*	178	178	178
Total assets	**4,518**	**4,458**	**5,208**	**5,590**	*7.3*	**6,034**	*7.9*	**6,554**	**7,167**	**7,893**
Trade payables & other ST liabilities	615	711	755	844	*11.8*	960	*13.7*	1,099	1,267	1,471
Short term debt	126	281	326	326	*0.0*	326	*0.0*	326	326	326
Total current liabilities	**741**	**992**	**1,081**	**1,170**	*8.2*	**1,286**	*9.9*	**1,425**	**1,593**	**1,797**
Long term debt	220	220	393	393	*0.0*	393	*0.0*	393	393	393
Other long term liabilities	194	64	562	562	*0.0*	562	*0.0*	562	562	562
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**1,155**	**1,276**	**2,036**	**2,125**	*4.4*	**2,241**	*5.4*	**2,380**	**2,548**	**2,752**
Common s/h equity	**3,350**	**3,166**	**3,142**	**3,423**	*8.9*	**3,739**	*9.2*	**4,104**	**4,531**	**5,032**
Minority interests	13	16	30	42	*38.2*	55	*31.8*	70	88	109
Total liabilities & equity	**4,518**	**4,458**	**5,208**	**5,590**	*7.3*	**6,034**	*7.9*	**6,554**	**7,167**	**7,893**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	542	614	710	827	*16.6*	953	*15.1*	1,099	1,273	1,482
Depreciation & amortisation	99	106	110	297	*170.5*	215	*-27.7*	174	157	155
Net change in working capital	(9)	159	(294)	(158)	*46.1*	(192)	*-21.1*	(231)	(279)	(339)
Other operating	(29)	0	(46)	12	-	13	*15.1*	15	18	21
Operating cash flow	**603**	**880**	**480**	**978**	*103.7*	**989**	*1.2*	**1,057**	**1,168**	**1,319**
Tangible capital expenditure	(63)	(103)	(112)	(254)	*-126.4*	(280)	*-10.3*	(311)	(349)	(394)
Intangible capital expenditure	0	(11)	(400)	0	-	0	-	0	0	0
Net (acquisitions) & disposals	2	0	24	0	-	0	-	0	0	0
Other investing	66	56	538	0	-	0	-	0	0	0
Investing cash flow	**4**	**(57)**	**50**	**(254)**	-	**(280)**	*-10.3*	**(311)**	**(349)**	**(394)**
Equity dividends paid	(502)	(735)	(489)	(547)	*-11.7*	(637)	*-16.6*	(734)	(846)	(980)
Share issues / (buybacks)	1	2	0	0	-	0	-	0	0	0
Other financing	72	(131)	(267)	0	-	0	-	0	0	0
Change in debt & pref shares	(178)	149	294	0	-	0	-	0	0	0
Financing cash flow	**(607)**	**(715)**	**(462)**	**(547)**	*-18.3*	**(637)**	*-16.6*	**(734)**	**(846)**	**(980)**
Cash flow inc/(dec) in cash	**1**	**108**	**68**	**177**	*162.3*	**72**	*-59.3*	**13**	**(26)**	**(55)**
FX / non cash items	4	4	(6)	0	*100.0*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**5**	**112**	**62**	**177**	*187.7*	**72**	*-59.3*	**13**	**(26)**	**(55)**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	18.1	26.2	23.8	19.9	17.3	15.0	12.9	11.1
P/E (UBS, diluted)	19.5	27.7	25.2	21.2	18.4	16.0	13.8	11.9
P/CEPS	16.3	23.4	21.6	15.3	14.9	13.7	12.2	10.7
Equity FCF (UBS) yield %	5.5	4.7	(0.2)	4.4	4.3	4.5	5.0	5.6
Dividend yield (net) %	7.4	3.0	3.2	3.9	4.5	5.1	6.0	6.9
P/BV	3.0	5.1	5.4	4.8	4.4	4.0	3.6	3.3
EV/revenues (core)	4.7	6.7	6.7	5.7	5.0	4.3	3.7	3.2
EV/EBITDA (UBS core)	13.7	20.0	18.3	13.3	12.6	11.5	10.2	8.9
EV/EBIT (core)	16.1	23.2	20.8	17.6	15.2	13.2	11.3	9.8
EV/OpFCF (core)	16.1	23.2	20.8	17.6	15.2	13.2	11.3	9.8
EV/op. invested capital	3.3	5.9	5.6	4.9	4.6	4.2	3.8	3.4

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	9,898	16,216	16,843	16,446	16,446	16,446	16,446	16,446
Net debt (cash)	(553)	(624)	(525)	(536)	(660)	(703)	(696)	(655)
Buy out of minorities	9	14	23	36	48	63	79	98
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**9,353**	**15,606**	**16,342**	**15,946**	**15,834**	**15,806**	**15,829**	**15,889**
Non core assets	(215)	(89)	(84)	(84)	(84)	(84)	(84)	(84)
Core enterprise value	**9,139**	**15,517**	**16,258**	**15,863**	**15,750**	**15,722**	**15,745**	**15,805**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	14.6	18.4	4.5	14.0	15.0	15.6	16.3	16.9
EBITDA (UBS)	30.5	16.4	15.1	34.4	4.4	9.6	12.9	14.9
EBIT (UBS)	35.9	17.9	16.9	15.3	15.0	15.5	16.1	16.8
EPS (UBS, diluted)	47.6	15.6	14.2	15.9	15.0	15.2	15.7	16.3
Net DPS	46.4	(33.4)	11.7	16.6	15.1	15.4	15.8	16.4

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	52.2	48.8	54.5	54.8	54.8	54.8	54.8	54.7
EBITDA margin	33.9	33.3	36.7	43.3	39.3	37.2	36.1	35.5
EBIT (UBS) margin	28.9	28.7	32.2	32.5	32.5	32.5	32.4	32.4
Net earnings (UBS) margin	25.6	25.1	27.6	28.0	28.1	28.0	27.8	27.7
ROIC (EBIT)	20.6	25.4	27.1	27.6	30.0	31.8	33.2	34.5
ROIC post tax	17.4	21.5	22.9	23.2	25.2	26.7	27.9	28.9
ROE (UBS)	15.0	17.9	21.3	23.6	24.9	26.2	27.6	28.9

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(1.0)	(0.8)	(0.5)	(0.5)	(0.6)	(0.5)	(0.4)	(0.4)
Net debt / total equity %	(19.2)	(18.9)	(14.1)	(18.0)	(18.4)	(17.0)	(14.8)	(12.2)
Net debt / (net debt + total equity) %	(23.8)	(23.4)	(16.4)	(22.0)	(22.5)	(20.5)	(17.3)	(13.9)
Net debt/EV %	(5.9)	(4.0)	(3.2)	(3.4)	(4.2)	(4.4)	(4.4)	(4.1)
Capex / depreciation %	108.3	162.9	167.7	NM	NM	NM	NM	NM
Capex / revenue %	3.2	4.4	4.6	9.2	8.8	8.5	8.1	7.9
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	0.7	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Div. payout ratio (UBS) %	145.1	83.5	81.7	82.1	82.2	82.3	82.4	82.5

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Pump and valve parts	1,625	1,811	2,102	2,396	2,754	3,182	3,697	4,320
Mechanical equipment components	162	175	244	293	352	422	507	608
Others	118	287	29	23	18	15	12	9
Others	56	49	52	54	57	60	62	66
Total	**1,961**	**2,322**	**2,427**	**2,766**	**3,181**	**3,679**	**4,278**	**5,003**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	566	668	781	900	1,035	1,195	1,388	1,621
Total	**566**	**668**	**781**	**900**	**1,035**	**1,195**	**1,388**	**1,621**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

NARI Technology (600406.SS)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**51,573**	**57,829**	**66,229**	**75,068**	*13.3*	**85,173**	*13.5*	**96,725**	**109,932**	**125,033**
Gross profit	13,820	15,369	17,112	19,129	*11.8*	21,616	*13.0*	24,447	27,667	31,330
EBITDA (UBS)	**9,153**	**9,685**	**10,295**	**10,914**	*6.0*	**12,244**	*12.2*	**13,739**	**15,421**	**17,312**
Depreciation & amortisation	(1,723)	(1,752)	(1,221)	(1,270)	*-4.0*	(1,390)	*-9.5*	(1,514)	(1,644)	(1,779)
EBIT (UBS)	**7,430**	**7,933**	**9,075**	**9,644**	*6.3*	**10,854**	*12.5*	**12,225**	**13,777**	**15,532**
Associates & investment income	(2)	38	189	214	*13.3*	243	*13.5*	276	314	357
Other non-operating income	462	468	90	256	*185.5*	266	*3.9*	278	291	306
Net interest	476	476	169	246	*45.2*	330	*34.2*	363	398	435
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**8,366**	**8,915**	**9,523**	**10,361**	*8.8*	**11,694**	*12.9*	**13,142**	**14,779**	**16,630**
Tax	(950)	(990)	(961)	(1,028)	*-7.0*	(1,159)	*-12.7*	(1,301)	(1,462)	(1,644)
Profit after tax	**7,417**	**7,925**	**8,562**	**9,333**	*9.0*	**10,535**	*12.9*	**11,841**	**13,317**	**14,985**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(466)	(537)	(579)	(620)	*-7.0*	(699)	*-12.7*	(784)	(881)	(991)
Extraordinary items	233	222	296	145	*-51.1*	150	*3.9*	157	164	173
Net earnings (local GAAP)	**7,184**	**7,610**	**8,279**	**8,858**	*7.0*	**9,987**	*12.7*	**11,213**	**12,600**	**14,167**
Net earnings (UBS)	**6,950**	**7,388**	**7,983**	**8,713**	*9.1*	**9,836**	*12.9*	**11,056**	**12,436**	**13,995**
Tax rate (%)	11.4	11.1	10.1	9.9	*-1.7*	9.9	*-0.1*	9.9	9.9	9.9

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	0.87	0.92	0.99	1.08	*9.2*	1.22	*12.9*	1.38	1.55	1.74
EPS (local GAAP, diluted)	0.89	0.95	1.03	1.10	*7.0*	1.24	*12.7*	1.40	1.57	1.76
EPS (UBS, basic)	0.87	0.92	0.99	1.08	*9.2*	1.22	*12.9*	1.38	1.55	1.74
DPS (net) (Rmb)	0.54	0.57	0.62	0.66	*7.0*	0.75	*12.7*	0.84	0.94	1.06
Cash EPS (UBS, diluted) [1]	1.08	1.14	1.15	1.24	*8.5*	1.40	*12.5*	1.57	1.75	1.96
Book value per share	5.87	6.13	6.55	7.04	*7.4*	7.62	*8.3*	8.27	9.00	9.82
Average shares (diluted)	8,033	8,033	8,032	8,032	*0.0*	8,032	*0.0*	8,032	8,032	8,032

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	16,614	7,352	7,093	9,025	*27.2*	9,735	*7.9*	10,493	11,294	12,096
Other current assets	50,600	68,248	74,837	80,606	*7.7*	89,242	*10.7*	99,269	110,910	124,424
Total current assets	**67,214**	**75,601**	**81,930**	**89,631**	*9.4*	**98,977**	*10.4*	**109,762**	**122,204**	**136,520**
Net tangible fixed assets	10,399	9,335	8,736	9,780	*11.9*	10,691	*9.3*	11,471	12,122	12,644
Net intangible fixed assets	2,090	2,236	2,261	2,174	*-3.9*	2,130	*-2.0*	2,130	2,171	2,254
Investments / other assets	6,385	5,900	5,658	5,658	*0.0*	5,658	*0.0*	5,658	5,658	5,658
Total assets	**86,087**	**93,072**	**98,586**	**107,242**	*8.8*	**117,456**	*9.5*	**129,021**	**142,156**	**157,076**
Trade payables & other ST liabilities	34,608	38,880	40,787	45,035	*10.4*	49,979	*11.0*	55,639	62,121	69,544
Short term debt	532	658	557	457	*-17.9*	357	*-21.9*	257	157	57
Total current liabilities	**35,140**	**39,538**	**41,345**	**45,492**	*10.0*	**50,336**	*10.6*	**55,896**	**62,278**	**69,601**
Long term debt	27	21	21	21	*0.0*	21	*0.0*	21	21	21
Other long term liabilities	542	676	760	760	*0.0*	760	*0.0*	760	760	760
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**35,709**	**40,235**	**42,126**	**46,274**	*9.8*	**51,118**	*10.5*	**56,678**	**63,059**	**70,382**
Common s/h equity	**47,191**	**49,281**	**52,646**	**56,536**	*7.4*	**61,208**	*8.3*	**66,428**	**72,300**	**78,906**
Minority interests	3,188	3,556	3,813	4,433	*16.2*	5,131	*15.8*	5,916	6,797	7,788
Total liabilities & equity	**86,087**	**93,072**	**98,586**	**107,243**	*8.8*	**117,457**	*9.5*	**129,022**	**142,156**	**157,076**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	7,184	7,610	8,279	8,858	*7.0*	9,987	*12.7*	11,213	12,600	14,167
Depreciation & amortisation	1,723	1,752	1,221	1,270	*4.0*	1,390	*9.5*	1,514	1,644	1,779
Net change in working capital	1,856	1,116	2,571	(1,812)	-	(4,024)	*-122.0*	(4,745)	(5,590)	(6,582)
Other operating	682	608	698	450	*-35.5*	457	*1.4*	523	600	690
Operating cash flow	**11,444**	**11,086**	**12,769**	**8,765**	*-31.4*	**7,809**	*-10.9*	**8,506**	**9,254**	**10,055**
Tangible capital expenditure	(1,951)	(1,850)	(2,110)	(2,226)	*-5.5*	(2,257)	*-1.4*	(2,294)	(2,336)	(2,383)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(2)	(15)	(4)	0	-	0	-	0	0	0
Other investing	(3,804)	(12,594)	(5,313)	214	-	243	*13.5*	276	314	357
Investing cash flow	**(5,758)**	**(14,459)**	**(7,427)**	**(2,011)**	*72.9*	**(2,014)**	*-0.2*	**(2,018)**	**(2,022)**	**(2,027)**
Equity dividends paid	(2,611)	(5,410)	(8,049)	(4,968)	*38.3*	(5,315)	*-7.0*	(5,993)	(6,729)	(7,561)
Share issues / (buybacks)	0	9	11	0	-	0	-	0	0	0
Other financing	(334)	(741)	2,510	246	*-90.2*	330	*34.2*	363	398	435
Change in debt & pref shares	(788)	193	(59)	(100)	*-68.3*	(100)	*0.0*	(100)	(100)	(100)
Financing cash flow	**(3,733)**	**(5,949)**	**(5,587)**	**(4,822)**	*13.7*	**(5,085)**	*-5.5*	**(5,730)**	**(6,431)**	**(7,226)**
Cash flow inc/(dec) in cash	**1,953**	**(9,322)**	**(245)**	**1,932**	-	**710**	*-63.3*	**758**	**801**	**802**
FX / non cash items	29	60	(14)	0	*97.8*	0	*100.0*	0	0	0
Balance sheet inc/(dec) in cash	**1,983**	**(9,262)**	**(259)**	**1,932**	-	**710**	*-63.2*	**758**	**801**	**802**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	25.1	25.6	22.1	20.0	17.7	15.8	14.1	12.5
P/E (UBS, diluted)	26.0	26.4	22.9	20.3	18.0	16.0	14.2	12.7
P/CEPS	20.8	21.3	19.9	17.7	15.8	14.1	12.6	11.2
Equity FCF (UBS) yield %	5.3	4.7	5.8	3.7	3.1	3.5	3.9	4.3
Dividend yield (net) %	2.4	2.3	2.7	3.0	3.4	3.8	4.3	4.8
P/BV	3.8	4.0	3.5	3.1	2.9	2.7	2.4	2.2
EV/revenues (core)	3.2	3.3	2.7	2.3	2.0	1.8	1.6	1.4
EV/EBITDA (UBS core)	18.3	19.8	17.5	15.8	14.1	12.5	11.1	9.9
EV/EBIT (core)	22.5	24.2	19.8	17.9	15.9	14.1	12.5	11.1
EV/OpFCF (core)	22.5	24.2	19.8	17.9	15.9	14.1	12.5	11.1
EV/op. invested capital	5.0	4.7	3.7	3.3	3.1	2.9	2.6	2.4

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	180,441	195,126	182,816	177,108	177,108	177,108	177,108	177,108
Net debt (cash)	(16,056)	(6,673)	(6,515)	(8,547)	(9,357)	(10,215)	(11,116)	(11,116)
Buy out of minorities	3,040	3,372	3,685	4,123	4,782	5,523	5,935	5,935
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**167,425**	**191,825**	**179,986**	**172,684**	**172,533**	**172,416**	**171,927**	**171,926**
Non core assets	(241)	(138)	(119)	(119)	(119)	(119)	(119)	(119)
Core enterprise value	**167,184**	**191,687**	**179,867**	**172,565**	**172,414**	**172,297**	**171,808**	**171,807**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	10.1	12.1	14.5	13.3	13.5	13.6	13.7	13.7
EBITDA (UBS)	7.9	5.8	6.3	6.0	12.2	12.2	12.2	12.3
EBIT (UBS)	5.1	6.8	14.4	6.3	12.5	12.6	12.7	12.7
EPS (UBS, diluted)	10.4	6.3	8.1	9.2	12.9	12.4	12.5	12.5
Net DPS	65.8	5.5	8.8	7.0	12.7	12.3	12.4	12.4

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	26.8	26.6	25.8	25.5	25.4	25.3	25.2	25.1
EBITDA margin	17.7	16.7	15.5	14.5	14.4	14.2	14.0	13.8
EBIT (UBS) margin	14.4	13.7	13.7	12.8	12.7	12.6	12.5	12.4
Net earnings (UBS) margin	13.5	12.8	12.1	11.6	11.5	11.4	11.3	11.2
ROIC (EBIT)	22.2	19.5	18.7	18.6	19.6	20.3	21.0	21.6
ROIC post tax	19.7	17.3	16.8	16.8	17.7	18.3	18.9	19.4
ROE (UBS)	15.5	15.3	15.7	16.0	16.7	17.3	17.9	18.5

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(1.8)	(0.7)	(0.6)	(0.8)	(0.8)	(0.7)	(0.7)	(0.7)
Net debt / total equity %	(31.9)	(12.6)	(11.5)	(14.0)	(14.1)	(14.1)	(14.1)	(13.9)
Net debt / (net debt + total equity) %	(46.8)	(14.5)	(13.0)	(16.3)	(16.4)	(16.4)	(16.4)	(16.1)
Net debt/EV %	(8.8)	(5.9)	(3.7)	(4.4)	(5.2)	(5.7)	(6.2)	(6.7)
Capex / depreciation %	131.1	130.2	NM	NM	NM	189.9	174.6	162.4
Capex / revenue %	3.8	3.2	3.2	3.0	2.7	2.4	2.1	1.9
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Div. payout ratio (UBS) %	62.3	61.8	62.2	61.0	60.9	60.9	60.8	60.7

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Smart grid	25,635	28,468	33,422	38,435	44,201	50,831	58,456	67,224
Decarbonisation solutions	9,638	12,185	16,730	19,239	22,125	25,444	29,261	33,650
Energy digitalisation	11,134	12,365	12,303	13,534	14,887	16,376	18,013	19,815
Industrial control	3,169	2,867	3,014	3,165	3,323	3,489	3,663	3,847
Integration & others	1,889	1,438	687	618	557	501	451	406
Non-core	109	506	73	76	80	84	88	93
Others	(1)	0	0	1	0	0	0	(2)
Total	**51,573**	**57,829**	**66,229**	**75,068**	**85,173**	**96,725**	**109,932**	**125,033**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	7,430	7,933	9,075	9,644	10,854	12,225	13,777	15,532
Total	**7,430**	**7,933**	**9,075**	**9,644**	**10,854**	**12,225**	**13,777**	**15,532**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Dongfang Electric-A (600875.SS)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**60,677**	**69,695**	**78,615**	**84,768**	*7.8*	**95,636**	*12.8*	**108,520**	**121,354**	**137,892**
Gross profit	11,423	10,819	13,400	15,259	*13.9*	18,219	*19.4*	21,979	25,836	31,145
EBITDA (UBS)	**4,255**	**4,003**	**6,218**	**7,697**	*23.8*	**9,893**	*28.5*	**12,708**	**15,658**	**19,741**
Depreciation & amortisation	(876)	(917)	(1,171)	(1,276)	*-8.9*	(1,454)	*-13.9*	(1,609)	(1,747)	(1,870)
EBIT (UBS)	**3,379**	**3,086**	**5,046**	**6,421**	*27.2*	**8,439**	*31.4*	**11,099**	**13,911**	**17,871**
Associates & investment income	748	1,577	867	867	*0.0*	867	*0.0*	867	867	867
Other non-operating income	(108)	(734)	(1,011)	(566)	*44.0*	(444)	*21.6*	(299)	(154)	32
Net interest	(7)	(45)	(118)	(150)	*-27.1*	(144)	*4.0*	(137)	(127)	(109)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**4,011**	**3,884**	**4,785**	**6,572**	*37.3*	**8,718**	*32.7*	**11,530**	**14,498**	**18,662**
Tax	(362)	(597)	(819)	(1,125)	*-37.3*	(1,492)	*-32.7*	(1,974)	(2,482)	(3,195)
Profit after tax	**3,649**	**3,288**	**3,966**	**5,447**	*37.3*	**7,226**	*32.7*	**9,556**	**12,016**	**15,467**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(93)	(365)	(135)	(185)	*-37.3*	(245)	*-32.7*	(325)	(408)	(525)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**3,555**	**2,922**	**3,831**	**5,262**	*37.3*	**6,981**	*32.7*	**9,231**	**11,608**	**14,942**
Net earnings (UBS)	**3,555**	**2,922**	**3,831**	**5,262**	*37.3*	**6,981**	*32.7*	**9,231**	**11,608**	**14,942**
Tax rate (%)	9.0	15.4	17.1	17.1	*0.0*	17.1	*0.0*	17.1	17.1	17.1

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	1.14	0.94	1.15	1.52	*32.3*	2.02	*32.7*	2.67	3.36	4.32
EPS (local GAAP, diluted)	1.14	0.94	1.15	1.52	*32.3*	2.02	*32.7*	2.67	3.36	4.32
EPS (UBS, basic)	1.14	0.94	1.15	1.52	*32.3*	2.02	*32.7*	2.67	3.36	4.32
DPS (net) (Rmb)	0.47	0.44	0.54	0.74	*37.5*	1.01	*35.4*	1.33	1.67	2.15
Cash EPS (UBS, diluted) [1]	1.42	1.23	1.50	1.89	*25.9*	2.44	*29.0*	3.13	3.86	4.86
Book value per share	11.94	12.44	13.34	14.07	*5.5*	15.35	*9.1*	17.01	19.04	21.68
Average shares (diluted)	3,119	3,109	3,332	3,458	*3.8*	3,458	*0.0*	3,458	3,458	3,458

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	14,168	22,503	18,981	20,128	*6.0*	21,320	*5.9*	23,401	26,811	31,404
Other current assets	61,522	71,277	82,703	87,344	*5.6*	95,671	*9.5*	105,443	115,133	127,482
Total current assets	**75,689**	**93,780**	**101,684**	**107,472**	*5.7*	**116,992**	*8.9*	**128,845**	**141,944**	**158,886**
Net tangible fixed assets	5,824	6,924	7,689	8,432	*9.7*	9,030	*7.1*	9,514	9,900	10,216
Net intangible fixed assets	2,193	2,479	2,473	2,468	*-0.2*	2,463	*-0.2*	2,459	2,456	2,452
Investments / other assets	37,402	38,826	50,828	50,828	*0.0*	50,828	*0.0*	50,828	50,828	50,828
Total assets	**121,108**	**142,009**	**162,674**	**169,200**	*4.0*	**179,314**	*6.0*	**191,646**	**205,128**	**222,382**
Trade payables & other ST liabilities	70,823	88,506	101,283	104,379	*3.1*	110,082	*5.5*	116,662	123,137	131,235
Short term debt	426	406	1,041	1,041	*0.0*	1,041	*0.0*	1,041	1,041	1,041
Total current liabilities	**71,249**	**88,913**	**102,323**	**105,420**	*3.0*	**111,123**	*5.4*	**117,703**	**124,178**	**132,276**
Long term debt	1,383	2,167	4,542	4,542	*0.0*	4,542	*0.0*	4,542	4,542	4,542
Other long term liabilities	7,256	7,787	7,641	7,641	*0.0*	7,641	*0.0*	7,641	7,641	7,641
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**79,888**	**98,867**	**114,506**	**117,602**	*2.7*	**123,306**	*4.8*	**129,886**	**136,360**	**144,458**
Common s/h equity	**37,245**	**38,796**	**45,235**	**48,664**	*7.6*	**53,074**	*9.1*	**58,827**	**65,833**	**74,990**
Minority interests	3,975	4,346	2,934	2,934	*0.0*	2,934	*0.0*	2,934	2,934	2,934
Total liabilities & equity	**121,108**	**142,009**	**162,674**	**169,200**	*4.0*	**179,314**	*6.0*	**191,646**	**205,128**	**222,382**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	3,555	2,922	3,831	5,262	*37.3*	6,981	*32.7*	9,231	11,608	14,942
Depreciation & amortisation	876	917	1,171	1,276	*8.9*	1,454	*13.9*	1,609	1,747	1,870
Net change in working capital	(7,895)	5,700	(3,959)	(1,544)	*61.0*	(2,624)	*-69.9*	(3,192)	(3,215)	(4,251)
Other operating	(177)	839	489	655	*33.9*	655	*0.0*	655	655	655
Operating cash flow	**(3,640)**	**10,378**	**1,533**	**5,648**	*268.4*	**6,465**	*14.5*	**8,304**	**10,795**	**13,215**
Tangible capital expenditure	(956)	(2,451)	(4,018)	(3,269)	*18.6*	(3,304)	*-1.1*	(3,344)	(3,385)	(3,438)
Intangible capital expenditure	(154)	(548)	(266)	(266)	*0.0*	(266)	*0.0*	(266)	(266)	(266)
Net (acquisitions) & disposals	12	1	(134)	0	-	0	-	0	0	0
Other investing	7,153	(268)	(6,169)	867	-	867	*0.0*	867	867	867
Investing cash flow	**6,055**	**(3,266)**	**(10,587)**	**(2,668)**	*74.8*	**(2,703)**	*-1.3*	**(2,743)**	**(2,784)**	**(2,837)**
Equity dividends paid	(1,045)	(1,481)	(1,366)	(1,833)	*-34.2*	(2,570)	*-40.2*	(3,479)	(4,601)	(5,785)
Share issues / (buybacks)	276	110	5,236	0	-	0	-	0	0	0
Other financing	(178)	(155)	(2,771)	0	-	0	-	0	0	0
Change in debt & pref shares	593	2,789	4,484	0	-	0	-	0	0	0
Financing cash flow	**(353)**	**1,263**	**5,583**	**(1,833)**	-	**(2,570)**	*-40.2*	**(3,479)**	**(4,601)**	**(5,785)**
Cash flow inc/(dec) in cash	**2,062**	**8,375**	**(3,471)**	**1,147**	-	**1,192**	*3.9*	**2,081**	**3,410**	**4,593**
FX / non cash items	(11)	(39)	(51)	0	*100.0*	0	*-400.0*	0	0	0
Balance sheet inc/(dec) in cash	**2,051**	**8,335**	**(3,522)**	**1,147**	-	**1,192**	*3.9*	**2,081**	**3,410**	**4,593**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	15.6	16.8	15.7	16.0	12.1	9.1	7.3	5.7
P/E (UBS, diluted)	15.6	16.8	15.7	16.0	12.1	9.1	7.3	5.7
P/CEPS	12.5	12.8	12.1	12.9	10.0	7.8	6.3	5.0
Equity FCF (UBS) yield %	(8.6)	15.0	(4.6)	2.6	3.5	5.7	8.6	11.5
Dividend yield (net) %	2.7	2.8	3.0	3.0	4.1	5.4	6.9	8.8
P/BV	1.5	1.3	1.4	1.7	1.6	1.4	1.3	1.1
EV/revenues (core)	0.3	0.1	0.1	0.4	0.3	0.3	0.2	0.2
EV/EBITDA (UBS core)	4.9	2.3	1.6	4.5	3.4	2.5	1.9	1.3
EV/EBIT (core)	6.1	3.0	2.0	5.4	4.0	2.9	2.1	1.4
EV/OpFCF (core)	4.9	2.4	1.7	4.5	3.4	2.5	1.9	1.3
EV/op. invested capital	3.3	1.5	2.4	5.4	3.6	2.5	1.8	1.2

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	55,350	49,165	60,400	82,794	82,794	82,794	82,794	82,794
Net debt (cash)	(11,397)	(16,144)	(16,664)	(13,972)	(15,142)	(16,778)	(19,523)	(23,525)
Buy out of minorities	3,809	4,160	3,640	2,934	2,934	2,934	2,934	2,934
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**47,762**	**37,182**	**47,377**	**71,755**	**70,586**	**68,949**	**66,204**	**62,202**
Non core assets	(27,116)	(27,882)	(37,118)	(37,118)	(37,118)	(37,118)	(37,118)	(37,118)
Core enterprise value	**20,646**	**9,300**	**10,259**	**34,637**	**33,468**	**31,831**	**29,086**	**25,084**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	9.6	14.9	12.8	7.8	12.8	13.5	11.8	13.6
EBITDA (UBS)	12.2	(5.9)	55.3	23.8	28.5	28.5	23.2	26.1
EBIT (UBS)	16.2	(8.7)	63.5	27.2	31.4	31.5	25.3	28.5
EPS (UBS, diluted)	20.3	(17.6)	22.3	32.3	32.7	32.2	25.7	28.7
Net DPS	41.8	(7.7)	23.4	37.5	35.4	32.2	25.7	28.7

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	18.8	15.5	17.0	18.0	19.1	20.3	21.3	22.6
EBITDA margin	7.0	5.7	7.9	9.1	10.3	11.7	12.9	14.3
EBIT (UBS) margin	5.6	4.4	6.4	7.6	8.8	10.2	11.5	13.0
Net earnings (UBS) margin	5.9	4.2	4.9	6.2	7.3	8.5	9.6	10.8
ROIC (EBIT)	54.8	50.9	NM	NM	NM	NM	NM	NM
ROIC post tax	48.7	37.8	NM	NM	74.4	71.6	70.0	72.1
ROE (UBS)	9.8	7.7	9.1	11.2	13.7	16.5	18.6	21.2

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(2.9)	(5.0)	(2.2)	(1.9)	(1.6)	(1.4)	(1.4)	(1.3)
Net debt / total equity %	(30.0)	(46.2)	(27.8)	(28.2)	(28.1)	(28.9)	(30.9)	(33.1)
Net debt / (net debt + total equity) %	(42.8)	(85.9)	(38.5)	(39.3)	(39.1)	(40.6)	(44.7)	(49.6)
Net debt/EV %	(23.9)	(43.4)	(35.2)	(19.5)	(21.5)	(24.3)	(29.5)	(37.8)
Capex / depreciation %	148.8	NM	NM	NM	NM	NM	NM	NM
Capex / revenue %	1.6	3.5	5.1	3.9	3.5	3.1	2.8	2.5
EBIT / net interest	NM	NM	50.2	48.7	64.8	NM	NM	NM
Dividend cover (UBS)	2.4	2.1	2.1	2.0	2.0	2.0	2.0	2.0
Div. payout ratio (UBS) %	41.6	46.6	47.0	48.8	49.8	49.8	49.8	49.8

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	60,677	69,695	78,615	84,768	95,636	108,520	121,354	137,892
Total	**60,677**	**69,695**	**78,615**	**84,768**	**95,636**	**108,520**	**121,354**	**137,892**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	3,379	3,086	5,046	6,421	8,439	11,099	13,911	17,871
Total	**3,379**	**3,086**	**5,046**	**6,421**	**8,439**	**11,099**	**13,911**	**17,871**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Willfar Information Technology (688100.SS)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**2,225**	**2,745**	**2,978**	**2,992**	*0.5*	**3,752**	*25.4*	**4,715**	**5,937**	**7,489**
Gross profit	908	1,091	1,196	1,165	*-2.6*	1,466	*25.8*	1,847	2,332	2,947
EBITDA (UBS)	**548**	**686**	**794**	**782**	*-1.5*	**980**	*25.3*	**1,231**	**1,550**	**1,955**
Depreciation & amortisation	(31)	(35)	(41)	(62)	*-52.7*	(72)	*-16.8*	(85)	(101)	(122)
EBIT (UBS)	**517**	**650**	**753**	**720**	*-4.4*	**908**	*26.1*	**1,146**	**1,449**	**1,834**
Associates & investment income	8	(14)	(5)	(5)	*0.0*	(5)	*0.0*	(5)	(5)	(5)
Other non-operating income	16	42	6	15	*138.3*	19	*25.4*	24	30	38
Net interest	24	26	4	12	*166.5*	14	*23.5*	16	17	19
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**565**	**705**	**759**	**742**	*-2.2*	**936**	*26.2*	**1,181**	**1,491**	**1,886**
Tax	(76)	(94)	(112)	(112)	*0.5*	(141)	*-26.2*	(178)	(225)	(284)
Profit after tax	**490**	**610**	**646**	**630**	*-2.6*	**795**	*26.2*	**1,003**	**1,267**	**1,602**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(1)	0	0	0	-	0	-	0	0	0
Extraordinary items	37	20	20	33	*66.8*	42	*25.4*	52	66	83
Net earnings (local GAAP)	**525**	**631**	**666**	**663**	*-0.5*	**836**	*26.2*	**1,055**	**1,332**	**1,685**
Net earnings (UBS)	**488**	**610**	**646**	**630**	*-2.6*	**795**	*26.2*	**1,003**	**1,267**	**1,602**
Tax rate (%)	13.4	13.4	14.8	15.1	*1.8*	15.1	*0.0*	15.1	15.1	15.1

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	1.00	1.24	1.32	1.28	*-2.9*	1.62	*26.2*	2.04	2.58	3.26
EPS (local GAAP, diluted)	1.07	1.28	1.36	1.35	*-0.8*	1.70	*26.2*	2.15	2.71	3.43
EPS (UBS, basic)	1.00	1.24	1.32	1.28	*-2.9*	1.62	*26.2*	2.04	2.58	3.26
DPS (net) (Rmb)	0.42	0.52	0.55	0.54	*-0.5*	0.68	*26.2*	0.86	1.09	1.38
Cash EPS (UBS, diluted) [1]	1.06	1.31	1.40	1.41	*0.3*	1.76	*25.4*	2.21	2.78	3.50
Book value per share	5.87	6.82	7.20	8.00	*11.2*	9.16	*14.5*	10.62	12.47	14.80
Average shares (diluted)	491	493	490	492	*0.4*	492	*0.0*	492	492	492

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	1,480	1,709	1,449	1,749	*20.7*	1,899	*8.6*	2,072	2,269	2,492
Other current assets	2,238	2,621	3,283	3,302	*0.6*	4,089	*23.9*	5,095	6,382	8,028
Total current assets	**3,718**	**4,330**	**4,733**	**5,050**	*6.7*	**5,989**	*18.6*	**7,168**	**8,651**	**10,519**
Net tangible fixed assets	270	281	494	591	*19.7*	715	*21.0*	874	1,075	1,332
Net intangible fixed assets	71	121	129	137	*5.9*	144	*4.9*	150	155	159
Investments / other assets	199	226	334	334	*0.0*	334	*0.0*	334	334	334
Total assets	**4,258**	**4,957**	**5,690**	**6,113**	*7.4*	**7,182**	*17.5*	**8,525**	**10,215**	**12,345**
Trade payables & other ST liabilities	1,261	1,573	2,118	2,146	*1.3*	2,645	*23.3*	3,270	4,053	5,033
Short term debt	4	7	6	6	*0.0*	6	*0.0*	6	6	6
Total current liabilities	**1,265**	**1,581**	**2,124**	**2,151**	*1.3*	**2,651**	*23.2*	**3,276**	**4,058**	**5,039**
Long term debt	0	0	0	0	-	0	-	0	0	0
Other long term liabilities	21	25	27	27	*0.0*	27	*0.0*	27	27	27
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**1,286**	**1,606**	**2,150**	**2,178**	*1.3*	**2,678**	*22.9*	**3,303**	**4,085**	**5,066**
Common s/h equity	**2,936**	**3,351**	**3,540**	**3,934**	*11.2*	**4,504**	*14.5*	**5,222**	**6,130**	**7,279**
Minority interests	36	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**4,258**	**4,957**	**5,690**	**6,113**	*7.4*	**7,182**	*17.5*	**8,525**	**10,215**	**12,345**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	525	631	666	663	*-0.5*	836	*26.2*	1,055	1,332	1,685
Depreciation & amortisation	31	35	41	62	*52.7*	72	*16.8*	85	101	122
Net change in working capital	(146)	(200)	(238)	(18)	*92.4*	(323)	*NM*	(424)	(558)	(734)
Other operating	9	6	(46)	27	-	34	*25.4*	43	54	68
Operating cash flow	**419**	**471**	**422**	**734**	*73.9*	**621**	*-15.5*	**759**	**930**	**1,141**
Tangible capital expenditure	(7)	(28)	(202)	(144)	*28.8*	(180)	*-25.4*	(226)	(285)	(359)
Intangible capital expenditure	(14)	(62)	(23)	(23)	*0.0*	(23)	*0.0*	(23)	(23)	(23)
Net (acquisitions) & disposals	(67)	41	(44)	0	-	0	-	0	0	0
Other investing	4	7	0	0	-	0	-	0	0	0
Investing cash flow	**(84)**	**(41)**	**(269)**	**(167)**	*38.0*	**(203)**	*-21.9*	**(249)**	**(308)**	**(383)**
Equity dividends paid	(162)	(209)	(255)	(268)	*-5.0*	(267)	*0.5*	(337)	(425)	(536)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(145)	6	(153)	0	-	0	-	0	0	0
Change in debt & pref shares	0	0	0	0	-	0	-	0	0	0
Financing cash flow	**(307)**	**(203)**	**(409)**	**(268)**	*34.4*	**(267)**	*0.5*	**(337)**	**(425)**	**(536)**
Cash flow inc/(dec) in cash	**27**	**227**	**(255)**	**299**	-	**151**	*-49.7*	**173**	**197**	**222**
FX / non cash items	(2)	1	(4)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**25**	**228**	**(259)**	**299**	-	**151**	*-49.7*	**173**	**197**	**222**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	26.1	27.8	26.5	18.3	14.5	11.5	9.1	7.2
P/E (UBS, diluted)	28.1	28.7	27.3	19.3	15.3	12.1	9.6	7.6
P/CEPS	26.4	27.2	25.7	17.5	14.0	11.2	8.9	7.0
Equity FCF (UBS) yield %	2.8	2.2	1.1	4.7	3.4	4.2	5.1	6.3
Dividend yield (net) %	1.5	1.5	1.5	2.2	2.8	3.5	4.4	5.6
P/BV	4.8	5.2	5.0	3.1	2.7	2.3	2.0	1.7
EV/revenues (core)	5.6	5.8	5.4	3.5	2.7	2.1	1.6	1.3
EV/EBITDA (UBS core)	22.6	23.3	20.1	13.2	10.3	8.1	6.3	4.9
EV/EBIT (core)	24.0	24.5	21.2	14.4	11.2	8.7	6.8	5.2
EV/OpFCF (core)	24.0	24.5	21.2	14.4	11.2	8.7	6.8	5.2
EV/op. invested capital	9.7	11.1	9.2	5.2	4.5	3.6	2.9	2.3

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	13,983	17,695	17,691	12,130	12,130	12,130	12,130	12,130
Net debt (cash)	(1,460)	(1,589)	(1,573)	(1,594)	(1,818)	(1,980)	(2,165)	(2,375)
Buy out of minorities	35	18	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**12,558**	**16,124**	**16,118**	**10,536**	**10,311**	**10,150**	**9,965**	**9,755**
Non core assets	(152)	(165)	(177)	(177)	(177)	(177)	(177)	(177)
Core enterprise value	**12,406**	**15,959**	**15,942**	**10,360**	**10,135**	**9,973**	**9,788**	**9,578**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	11.1	23.3	8.5	0.5	25.4	25.7	25.9	26.1
EBITDA (UBS)	28.3	25.2	15.7	(1.5)	25.3	25.6	25.9	26.1
EBIT (UBS)	30.2	25.8	15.8	(4.4)	26.1	26.3	26.4	26.6
EPS (UBS, diluted)	28.5	24.5	6.5	(2.9)	26.2	26.1	26.3	26.5
Net DPS	28.7	24.2	5.0	(0.5)	26.2	26.1	26.3	26.4

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	40.8	39.7	40.2	38.9	39.1	39.2	39.3	39.4
EBITDA margin	24.6	25.0	26.7	26.1	26.1	26.1	26.1	26.1
EBIT (UBS) margin	23.2	23.7	25.3	24.1	24.2	24.3	24.4	24.5
Net earnings (UBS) margin	22.0	22.2	21.7	21.1	21.2	21.3	21.3	21.4
ROIC (EBIT)	40.6	45.3	43.6	36.1	40.3	41.9	43.1	43.9
ROIC post tax	35.1	39.3	37.2	30.7	34.3	35.6	36.6	37.3
ROE (UBS)	17.3	19.4	18.8	16.9	18.8	20.6	22.3	23.9

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(2.7)	(2.5)	(1.8)	(2.2)	(1.9)	(1.7)	(1.5)	(1.3)
Net debt / total equity %	(49.7)	(50.8)	(40.8)	(44.3)	(42.0)	(39.6)	(36.9)	(34.2)
Net debt / (net debt + total equity) %	(98.8)	NM	(68.9)	(79.6)	(72.5)	(65.5)	(58.5)	(51.9)
Net debt/EV %	(11.6)	(9.9)	(9.8)	(15.1)	(17.6)	(19.5)	(21.7)	(24.3)
Capex / depreciation %	36.1	119.2	NM	NM	NM	NM	NM	NM
Capex / revenue %	0.3	1.0	6.8	4.8	4.8	4.8	4.8	4.8
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Div. payout ratio (UBS) %	42.0	41.9	41.3	42.4	42.3	42.3	42.3	42.3

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Sensing equipment	685	1,063	1,160	1,347	1,734	2,232	2,874	3,701
Network equipment	1,381	1,523	1,516	1,315	1,657	2,088	2,631	3,316
IoTE applications	148	148	280	308	339	373	410	452
Non-core	10	10	21	21	21	21	21	21
Others	1	1	1	1	1	1	1	(1)
Total	**2,225**	**2,745**	**2,978**	**2,992**	**3,752**	**4,715**	**5,937**	**7,489**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Network equipment	342	411	438	365	460	581	733	731
Sensing equipment	148	213	265	302	389	502	647	659
IoTE applications	22	21	40	43	48	53	58	50
Non-core	5	5	11	11	11	11	11	8
Others	0	0	(1)	(1)	0	(1)	0	386
Total	**517**	**650**	**753**	**720**	**908**	**1,146**	**1,449**	**1,834**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Ningbo Sanxing Medical Electric (601567.SS)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**11,463**	**14,600**	**14,361**	**15,799**	*10.0*	**17,728**	*12.2*	**19,919**	**22,408**	**25,239**
Gross profit	3,896	5,070	4,015	4,097	*2.0*	4,762	*16.2*	5,537	6,440	7,492
EBITDA (UBS)	**2,081**	**3,002**	**1,905**	**1,707**	*-10.4*	**2,061**	*20.7*	**2,488**	**3,001**	**3,611**
Depreciation & amortisation	(390)	(475)	(542)	(528)	*2.5*	(572)	*-8.4*	(630)	(699)	(780)
EBIT (UBS)	**1,691**	**2,527**	**1,363**	**1,179**	*-13.5*	**1,488**	*26.2*	**1,858**	**2,301**	**2,830**
Associates & investment income	296	229	215	215	*0.0*	215	*0.0*	215	215	215
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	9	(159)	34	(106)	-	(109)	*-3.0*	(108)	(107)	(104)
Exceptionals (incl goodwill)	266	75	(33)	296	-	356	*20.4*	424	502	591
Pre-tax profit	**2,262**	**2,673**	**1,579**	**1,584**	*0.3*	**1,950**	*23.1*	**2,389**	**2,912**	**3,532**
Tax	(341)	(399)	(330)	(331)	*-0.3*	(408)	*-23.1*	(499)	(609)	(738)
Profit after tax	**1,921**	**2,273**	**1,249**	**1,253**	*0.3*	**1,543**	*23.1*	**1,890**	**2,303**	**2,794**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(17)	(14)	25	25	*0.3*	31	*23.1*	38	46	56
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,904**	**2,260**	**1,274**	**1,278**	*0.3*	**1,574**	*23.1*	**1,928**	**2,349**	**2,850**
Net earnings (UBS)	**1,669**	**2,202**	**930**	**1,044**	*12.3*	**1,292**	*23.7*	**1,592**	**1,952**	**2,382**
Tax rate (%)	15.1	14.9	20.9	20.9	*0.0*	20.9	*0.0*	20.9	20.9	20.9

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	1.18	1.56	0.66	0.74	*12.3*	0.92	*23.7*	1.13	1.39	1.70
EPS (local GAAP, diluted)	1.35	1.60	0.91	0.91	*0.3*	1.12	*23.1*	1.37	1.67	2.03
EPS (UBS, basic)	1.18	1.56	0.66	0.74	*12.3*	0.92	*23.7*	1.13	1.39	1.70
DPS (net) (Rmb)	0.64	0.88	0.63	0.41	*-34.6*	0.50	*23.1*	0.62	0.75	0.91
Cash EPS (UBS, diluted) [1]	1.46	1.90	1.05	1.12	*6.8*	1.33	*18.6*	1.58	1.89	2.25
Book value per share	7.81	8.58	8.18	8.49	*3.7*	9.20	*8.4*	10.06	11.12	12.39
Average shares (diluted)	1,410	1,411	1,405	1,405	*0.0*	1,405	*0.0*	1,405	1,405	1,405

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	5,043	4,140	5,060	4,720	*-6.7*	4,767	*1.0*	4,919	5,212	5,733
Other current assets	7,162	9,659	9,568	10,522	*10.0*	11,572	*10.0*	12,755	14,091	15,599
Total current assets	**12,205**	**13,800**	**14,628**	**15,242**	*4.2*	**16,339**	*7.2*	**17,675**	**19,303**	**21,332**
Net tangible fixed assets	1,636	1,930	2,529	2,748	*8.7*	3,055	*11.2*	3,441	3,903	4,387
Net intangible fixed assets	2,722	3,063	2,633	2,912	*10.6*	3,168	*8.8*	3,402	3,616	3,812
Investments / other assets	4,950	5,683	5,997	5,997	*0.0*	5,997	*0.0*	5,997	5,997	5,997
Total assets	**21,513**	**24,476**	**25,787**	**26,899**	*4.3*	**28,558**	*6.2*	**30,515**	**32,819**	**35,529**
Trade payables & other ST liabilities	6,568	7,661	7,597	8,339	*9.8*	9,031	*8.3*	9,806	10,674	11,647
Short term debt	270	149	180	180	*0.0*	180	*0.0*	180	180	180
Total current liabilities	**6,838**	**7,810**	**7,777**	**8,519**	*9.5*	**9,211**	*8.1*	**9,986**	**10,854**	**11,827**
Long term debt	2,466	3,184	5,072	5,072	*0.0*	5,072	*0.0*	5,072	5,072	5,072
Other long term liabilities	1,056	1,208	1,162	1,162	*0.0*	1,162	*0.0*	1,162	1,162	1,162
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**10,360**	**12,203**	**14,011**	**14,753**	*5.3*	**15,445**	*4.7*	**16,219**	**17,088**	**18,061**
Common s/h equity	**11,006**	**12,082**	**11,527**	**11,923**	*3.4*	**12,922**	*8.4*	**14,142**	**15,623**	**17,416**
Minority interests	148	192	249	224	*-10.1*	192	*-13.9*	154	108	52
Total liabilities & equity	**21,513**	**24,476**	**25,787**	**26,900**	*4.3*	**28,559**	*6.2*	**30,516**	**32,819**	**35,529**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	1,904	2,260	1,274	1,278	*0.3*	1,574	*23.1*	1,928	2,349	2,850
Depreciation & amortisation	390	475	542	528	*-2.5*	572	*8.4*	630	699	780
Net change in working capital	(105)	(945)	(225)	(212)	*5.5*	(358)	*-68.6*	(409)	(467)	(535)
Other operating	(570)	(3)	(592)	(42)	*92.9*	(48)	*-14.0*	(55)	(63)	(73)
Operating cash flow	**1,620**	**1,786**	**999**	**1,552**	*55.3*	**1,741**	*12.1*	**2,095**	**2,519**	**3,023**
Tangible capital expenditure	(61)	(569)	(887)	(825)	*7.0*	(933)	*-13.1*	(1,049)	(1,174)	(1,259)
Intangible capital expenditure	(495)	(475)	(52)	(400)	*NM*	(400)	*0.0*	(400)	(400)	(400)
Net (acquisitions) & disposals	3	1	15	0	-	0	-	0	0	0
Other investing	237	(981)	228	215	*-5.8*	215	*0.0*	215	215	215
Investing cash flow	**(317)**	**(2,024)**	**(697)**	**(1,010)**	*-44.9*	**(1,118)**	*-10.7*	**(1,234)**	**(1,359)**	**(1,444)**
Equity dividends paid	(493)	(908)	(1,246)	(882)	*29.2*	(575)	*34.8*	(708)	(868)	(1,057)
Share issues / (buybacks)	51	125	107	0	-	0	-	0	0	0
Other financing	(185)	(348)	(168)	0	-	0	-	0	0	0
Change in debt & pref shares	1,837	550	1,927	0	-	0	-	0	0	0
Financing cash flow	**1,210**	**(581)**	**621**	**(882)**	-	**(575)**	*34.8*	**(708)**	**(868)**	**(1,057)**
Cash flow inc/(dec) in cash	**2,513**	**(820)**	**924**	**(340)**	-	**47**	-	**152**	**292**	**522**
FX / non cash items	(1)	(83)	(4)	0	*88.5*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**2,512**	**(902)**	**920**	**(340)**	-	**47**	-	**152**	**292**	**522**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	11.2	19.0	27.5	15.7	12.7	10.4	8.5	7.0
P/E (UBS, diluted)	12.8	19.5	37.6	19.2	15.5	12.6	10.3	8.4
P/CEPS	10.3	16.0	23.8	12.8	10.8	9.0	7.6	6.3
Equity FCF (UBS) yield %	5.0	1.7	0.2	1.6	2.0	3.2	4.7	6.8
Dividend yield (net) %	4.3	2.9	2.5	2.9	3.5	4.3	5.3	6.4
P/BV	1.9	3.5	3.0	1.7	1.6	1.4	1.3	1.2
EV/revenues (core)	1.3	2.5	2.1	1.0	0.9	0.8	0.7	0.6
EV/EBITDA (UBS core)	7.4	12.4	16.0	9.5	7.9	6.5	5.3	4.3
EV/EBIT (core)	9.1	14.7	22.4	13.7	11.0	8.7	6.9	5.5
EV/OpFCF (core)	9.1	14.7	22.4	13.7	11.0	8.7	6.9	5.5
EV/op. invested capital	2.8	5.2	3.6	1.8	1.7	1.5	1.3	1.2

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	21,282	42,834	35,105	20,102	20,102	20,102	20,102	20,102
Net debt (cash)	(1,987)	(1,557)	(307)	362	509	409	187	(220)
Buy out of minorities	132	170	220	236	208	173	131	80
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**19,427**	**41,448**	**35,019**	**20,700**	**20,818**	**20,684**	**20,419**	**19,961**
Non core assets	(4,086)	(4,272)	(4,517)	(4,517)	(4,517)	(4,517)	(4,517)	(4,517)
Core enterprise value	**15,341**	**37,176**	**30,501**	**16,183**	**16,301**	**16,166**	**15,902**	**15,444**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	26.0	27.4	(1.6)	10.0	12.2	12.4	12.5	12.6
EBITDA (UBS)	55.1	44.2	(36.6)	(10.4)	20.7	20.8	20.6	20.3
EBIT (UBS)	62.8	49.5	(46.1)	(13.5)	26.2	24.9	23.8	23.0
EPS (UBS, diluted)	57.5	31.8	(57.6)	12.3	23.7	23.2	22.6	22.1
Net DPS	84.4	37.1	(29.2)	(34.6)	23.1	22.5	21.9	21.3

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	34.0	34.7	28.0	25.9	26.9	27.8	28.7	29.7
EBITDA margin	18.2	20.6	13.3	10.8	11.6	12.5	13.4	14.3
EBIT (UBS) margin	14.7	17.3	9.5	7.5	8.4	9.3	10.3	11.2
Net earnings (UBS) margin	14.6	15.1	6.5	6.6	7.3	8.0	8.7	9.4
ROIC (EBIT)	30.6	35.5	16.0	13.1	15.2	17.3	19.4	21.7
ROIC post tax	25.0	29.8	7.9	9.9	11.5	13.2	15.0	16.8
ROE (UBS)	16.3	19.1	7.9	8.9	10.4	11.8	13.1	14.4

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(1.1)	(0.3)	0.1	0.3	0.2	0.1	0.0	(0.1)
Net debt / total equity %	(20.7)	(6.6)	1.6	4.4	3.7	2.3	0.3	(2.8)
Net debt / (net debt + total equity) %	(26.1)	(7.0)	1.6	4.2	3.6	2.3	0.3	(2.8)
Net debt/EV %	(10.2)	(3.8)	(0.9)	1.7	2.4	2.0	0.9	(1.1)
Capex / depreciation %	26.8	NM	NM	NM	NM	NM	NM	NM
Capex / revenue %	0.5	3.9	6.2	5.2	5.3	5.3	5.2	5.0
EBIT / net interest	-	17.4	-	13.2	15.7	19.1	23.5	29.2
Dividend cover (UBS)	1.8	1.8	1.1	1.8	1.8	1.8	1.8	1.9
Div. payout ratio (UBS) %	54.5	56.7	94.6	55.1	54.8	54.5	54.2	53.8

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Power equipment	8,436	11,120	11,163	12,589	14,358	16,381	18,693	21,338
Healthcare services	2,783	3,258	2,976	2,976	3,124	3,281	3,445	3,617
Others	202	216	221	232	244	256	269	282
Financial lease	42	6	1	1	1	1	1	1
Others	0	0	0	1	1	0	0	1
Total	**11,463**	**14,600**	**14,361**	**15,799**	**17,728**	**19,919**	**22,408**	**25,239**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	1,691	2,527	1,363	1,179	1,488	1,858	2,301	2,830
Total	**1,691**	**2,527**	**1,363**	**1,179**	**1,488**	**1,858**	**2,301**	**2,830**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.



Dongfang Electric Corporation (1072.HK)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**60,677**	**69,695**	**78,615**	**84,768**	*7.8*	**95,636**	*12.8*	**108,520**	**121,354**	**137,892**
Gross profit	11,423	10,819	13,400	15,259	*13.9*	18,219	*19.4*	21,979	25,836	31,145
EBITDA (UBS)	**4,255**	**4,003**	**6,218**	**7,697**	*23.8*	**9,893**	*28.5*	**12,708**	**15,658**	**19,741**
Depreciation & amortisation	(876)	(917)	(1,171)	(1,276)	*-8.9*	(1,454)	*-13.9*	(1,609)	(1,747)	(1,870)
EBIT (UBS)	**3,379**	**3,086**	**5,046**	**6,421**	*27.2*	**8,439**	*31.4*	**11,099**	**13,911**	**17,871**
Associates & investment income	748	1,577	867	867	*0.0*	867	*0.0*	867	867	867
Other non-operating income	(108)	(734)	(1,011)	(566)	*44.0*	(444)	*21.6*	(299)	(154)	32
Net interest	(7)	(45)	(118)	(150)	*-27.1*	(144)	*4.0*	(137)	(127)	(109)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**4,011**	**3,884**	**4,785**	**6,572**	*37.3*	**8,718**	*32.7*	**11,530**	**14,498**	**18,662**
Tax	(362)	(597)	(819)	(1,125)	*-37.3*	(1,492)	*-32.7*	(1,974)	(2,482)	(3,195)
Profit after tax	**3,649**	**3,288**	**3,966**	**5,447**	*37.3*	**7,226**	*32.7*	**9,556**	**12,016**	**15,467**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(93)	(365)	(135)	(185)	*-37.3*	(245)	*-32.7*	(325)	(408)	(525)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**3,555**	**2,922**	**3,831**	**5,262**	*37.3*	**6,981**	*32.7*	**9,231**	**11,608**	**14,942**
Net earnings (UBS)	**3,555**	**2,922**	**3,831**	**5,262**	*37.3*	**6,981**	*32.7*	**9,231**	**11,608**	**14,942**
Tax rate (%)	9.0	15.4	17.1	17.1	*0.0*	17.1	*0.0*	17.1	17.1	17.1

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	1.14	0.94	1.15	1.52	*32.3*	2.02	*32.7*	2.67	3.36	4.32
EPS (local GAAP, diluted)	1.14	0.94	1.15	1.52	*32.3*	2.02	*32.7*	2.67	3.36	4.32
EPS (UBS, basic)	1.14	0.94	1.15	1.52	*32.3*	2.02	*32.7*	2.67	3.36	4.32
DPS (net) (Rmb)	0.47	0.44	0.54	0.74	*37.5*	1.01	*35.4*	1.33	1.67	2.15
Cash EPS (UBS, diluted) [1]	1.42	1.23	1.50	1.89	*25.9*	2.44	*29.0*	3.13	3.86	4.86
Book value per share	11.94	12.44	13.34	14.07	*5.5*	15.35	*9.1*	17.01	19.04	21.68
Average shares (diluted)	3,119	3,109	3,332	3,458	*3.8*	3,458	*0.0*	3,458	3,458	3,458

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	14,168	22,503	18,981	20,128	*6.0*	21,320	*5.9*	23,401	26,811	31,404
Other current assets	61,522	71,277	82,703	87,344	*5.6*	95,671	*9.5*	105,443	115,133	127,482
Total current assets	**75,689**	**93,780**	**101,684**	**107,472**	*5.7*	**116,992**	*8.9*	**128,845**	**141,944**	**158,886**
Net tangible fixed assets	5,824	6,924	7,689	8,432	*9.7*	9,030	*7.1*	9,514	9,900	10,216
Net intangible fixed assets	2,193	2,479	2,473	2,468	*-0.2*	2,463	*-0.2*	2,459	2,456	2,452
Investments / other assets	37,402	38,826	50,828	50,828	*0.0*	50,828	*0.0*	50,828	50,828	50,828
Total assets	**121,108**	**142,009**	**162,674**	**169,200**	*4.0*	**179,314**	*6.0*	**191,646**	**205,128**	**222,382**
Trade payables & other ST liabilities	70,823	88,506	101,283	104,379	*3.1*	110,082	*5.5*	116,662	123,137	131,235
Short term debt	426	406	1,041	1,041	*0.0*	1,041	*0.0*	1,041	1,041	1,041
Total current liabilities	**71,249**	**88,913**	**102,323**	**105,420**	*3.0*	**111,123**	*5.4*	**117,703**	**124,178**	**132,276**
Long term debt	1,383	2,167	4,542	4,542	*0.0*	4,542	*0.0*	4,542	4,542	4,542
Other long term liabilities	7,256	7,787	7,641	7,641	*0.0*	7,641	*0.0*	7,641	7,641	7,641
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**79,888**	**98,867**	**114,506**	**117,602**	*2.7*	**123,306**	*4.8*	**129,886**	**136,360**	**144,458**
Common s/h equity	**37,245**	**38,796**	**45,235**	**48,664**	*7.6*	**53,074**	*9.1*	**58,827**	**65,833**	**74,990**
Minority interests	3,975	4,346	2,934	2,934	*0.0*	2,934	*0.0*	2,934	2,934	2,934
Total liabilities & equity	**121,108**	**142,009**	**162,674**	**169,200**	*4.0*	**179,314**	*6.0*	**191,646**	**205,128**	**222,382**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	3,555	2,922	3,831	5,262	*37.3*	6,981	*32.7*	9,231	11,608	14,942
Depreciation & amortisation	876	917	1,171	1,276	*8.9*	1,454	*13.9*	1,609	1,747	1,870
Net change in working capital	(7,895)	5,700	(3,959)	(1,544)	*61.0*	(2,624)	*-69.9*	(3,192)	(3,215)	(4,251)
Other operating	(177)	839	489	655	*33.9*	655	*0.0*	655	655	655
Operating cash flow	**(3,640)**	**10,378**	**1,533**	**5,648**	*268.4*	**6,465**	*14.5*	**8,304**	**10,795**	**13,215**
Tangible capital expenditure	(956)	(2,451)	(4,018)	(3,269)	*18.6*	(3,304)	*-1.1*	(3,344)	(3,385)	(3,438)
Intangible capital expenditure	(154)	(548)	(266)	(266)	*0.0*	(266)	*0.0*	(266)	(266)	(266)
Net (acquisitions) & disposals	12	1	(134)	0	-	0	-	0	0	0
Other investing	7,153	(268)	(6,169)	867	-	867	*0.0*	867	867	867
Investing cash flow	**6,055**	**(3,266)**	**(10,587)**	**(2,668)**	*74.8*	**(2,703)**	*-1.3*	**(2,743)**	**(2,784)**	**(2,837)**
Equity dividends paid	(1,045)	(1,481)	(1,366)	(1,833)	*-34.2*	(2,570)	*-40.2*	(3,479)	(4,601)	(5,785)
Share issues / (buybacks)	276	110	5,236	0	-	0	-	0	0	0
Other financing	(178)	(155)	(2,771)	0	-	0	-	0	0	0
Change in debt & pref shares	593	2,789	4,484	0	-	0	-	0	0	0
Financing cash flow	**(353)**	**1,263**	**5,583**	**(1,833)**	-	**(2,570)**	*-40.2*	**(3,479)**	**(4,601)**	**(5,785)**
Cash flow inc/(dec) in cash	**2,062**	**8,375**	**(3,471)**	**1,147**	-	**1,192**	*3.9*	**2,081**	**3,410**	**4,593**
FX / non cash items	(11)	(39)	(51)	0	*100.0*	0	*-400.0*	0	0	0
Balance sheet inc/(dec) in cash	**2,051**	**8,335**	**(3,522)**	**1,147**	-	**1,192**	*3.9*	**2,081**	**3,410**	**4,593**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	8.2	9.5	12.0	11.0	8.2	6.2	4.9	3.8
P/E (UBS, diluted)	8.2	9.5	12.0	11.0	8.2	6.2	4.9	3.8
P/CEPS	6.6	7.2	9.2	8.9	6.8	5.3	4.3	3.4
Equity FCF (UBS) yield %	(16.2)	26.6	(6.0)	3.7	5.2	8.4	12.8	17.0
Dividend yield (net) %	5.0	4.8	4.0	4.5	6.1	8.1	10.1	13.0
P/BV	0.8	0.7	1.0	1.2	1.1	1.0	0.9	0.8
EV/revenues (core)	NM	NM	NM	0.1	0.1	0.0	0.0	0.0
EV/EBITDA (UBS core)	NM	NM	NM	1.0	0.7	0.4	0.1	NM
EV/EBIT (core)	NM	NM	NM	1.2	0.8	0.4	0.2	NM
EV/OpFCF (core)	-	NM	NM	1.0	0.7	0.4	0.1	NM
EV/op. invested capital	NM	NM	NM	1.2	0.7	0.4	0.1	NM

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	29,222	27,754	45,906	55,893	55,893	55,893	55,893	55,893
Net debt (cash)	(11,397)	(16,144)	(16,664)	(13,972)	(15,142)	(16,778)	(19,523)	(23,525)
Buy out of minorities	3,809	4,160	3,640	2,934	2,934	2,934	2,934	2,934
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**21,635**	**15,771**	**32,882**	**44,855**	**43,685**	**42,049**	**39,304**	**35,302**
Non core assets	(27,116)	(27,882)	(37,118)	(37,118)	(37,118)	(37,118)	(37,118)	(37,118)
Core enterprise value	**(5,481)**	**(12,111)**	**(4,236)**	**7,737**	**6,567**	**4,931**	**2,186**	**(1,816)**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	9.6	14.9	12.8	7.8	12.8	13.5	11.8	13.6
EBITDA (UBS)	12.2	(5.9)	55.3	23.8	28.5	28.5	23.2	26.1
EBIT (UBS)	16.2	(8.7)	63.5	27.2	31.4	31.5	25.3	28.5
EPS (UBS, diluted)	20.3	(17.6)	22.3	32.3	32.7	32.2	25.7	28.7
Net DPS	41.8	(7.7)	23.4	37.5	35.4	32.2	25.7	28.7

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	18.8	15.5	17.0	18.0	19.1	20.3	21.3	22.6
EBITDA margin	7.0	5.7	7.9	9.1	10.3	11.7	12.9	14.3
EBIT (UBS) margin	5.6	4.4	6.4	7.6	8.8	10.2	11.5	13.0
Net earnings (UBS) margin	5.9	4.2	4.9	6.2	7.3	8.5	9.6	10.8
ROIC (EBIT)	54.8	50.9	NM	NM	NM	NM	NM	NM
ROIC post tax	48.7	37.8	NM	NM	74.4	71.6	70.0	72.1
ROE (UBS)	9.8	7.7	9.1	11.2	13.7	16.5	18.6	21.2

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(2.9)	(5.0)	(2.2)	(1.9)	(1.6)	(1.4)	(1.4)	(1.3)
Net debt / total equity %	(30.0)	(46.2)	(27.8)	(28.2)	(28.1)	(28.9)	(30.9)	(33.1)
Net debt / (net debt + total equity) %	(42.8)	(85.9)	(38.5)	(39.3)	(39.1)	(40.6)	(44.7)	(49.6)
Net debt/EV %	(52.7)	NM	(50.7)	(31.1)	(34.7)	(39.9)	(49.7)	(66.6)
Capex / depreciation %	148.8	NM	NM	NM	NM	NM	NM	NM
Capex / revenue %	1.6	3.5	5.1	3.9	3.5	3.1	2.8	2.5
EBIT / net interest	NM	NM	50.2	48.7	64.8	NM	NM	NM
Dividend cover (UBS)	2.4	2.1	2.1	2.0	2.0	2.0	2.0	2.0
Div. payout ratio (UBS) %	41.6	46.6	47.0	48.8	49.8	49.8	49.8	49.8

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	60,677	69,695	78,615	84,768	95,636	108,520	121,354	137,892
Total	**60,677**	**69,695**	**78,615**	**84,768**	**95,636**	**108,520**	**121,354**	**137,892**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	3,379	3,086	5,046	6,421	8,439	11,099	13,911	17,871
Total	**3,379**	**3,086**	**5,046**	**6,421**	**8,439**	**11,099**	**13,911**	**17,871**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Harbin Electric Company (1133.HK)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**29,250**	**38,721**	**46,069**	**50,918**	*10.5*	**56,436**	*10.8*	**62,304**	**68,859**	**76,358**
Gross profit	3,529	5,221	6,890	8,436	*22.4*	9,691	*14.9*	10,966	12,411	14,091
EBITDA (UBS)	**658**	**2,268**	**3,576**	**5,123**	*43.2*	**6,447**	*25.9*	**7,796**	**9,306**	**11,041**
Depreciation & amortisation	(506)	(722)	(702)	(871)	*-24.0*	(1,112)	*-27.6*	(1,327)	(1,521)	(1,697)
EBIT (UBS)	**152**	**1,546**	**2,874**	**4,251**	*47.9*	**5,335**	*25.5*	**6,468**	**7,785**	**9,343**
Associates & investment income	262	62	537	537	*0.0*	537	*0.0*	537	537	537
Other non-operating income	655	654	(427)	(142)	*66.7*	(158)	*-10.8*	(174)	(192)	(213)
Net interest	(300)	(242)	(251)	(238)	*5.2*	(227)	*4.6*	(215)	(203)	(190)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**769**	**2,019**	**2,733**	**4,408**	*61.3*	**5,487**	*24.5*	**6,616**	**7,927**	**9,478**
Tax	(154)	(301)	(86)	(657)	*NM*	(818)	*-24.5*	(986)	(1,181)	(1,412)
Profit after tax	**615**	**1,719**	**2,647**	**3,751**	*41.7*	**4,670**	*24.5*	**5,630**	**6,746**	**8,065**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(41)	(33)	19	27	*41.7*	34	*24.5*	41	49	59
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**575**	**1,686**	**2,666**	**3,779**	*41.7*	**4,704**	*24.5*	**5,671**	**6,795**	**8,124**
Net earnings (UBS)	**575**	**1,686**	**2,666**	**3,779**	*41.7*	**4,704**	*24.5*	**5,671**	**6,795**	**8,124**
Tax rate (%)	20.0	14.9	3.2	14.9	*372.6*	14.9	*0.0*	14.9	14.9	14.9

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	0.31	0.75	1.19	1.69	*41.7*	2.10	*24.5*	2.54	3.04	3.63
EPS (local GAAP, diluted)	0.31	0.75	1.19	1.69	*41.7*	2.10	*24.5*	2.54	3.04	3.63
EPS (UBS, basic)	0.31	0.75	1.19	1.69	*41.7*	2.10	*24.5*	2.54	3.04	3.63
DPS (net) (Rmb)	0.06	0.25	0.36	0.59	*65.2*	0.84	*42.3*	1.14	1.52	1.82
Cash EPS (UBS, diluted) [1]	0.58	1.08	1.51	2.08	*38.1*	2.60	*25.1*	3.13	3.72	4.39
Book value per share	6.20	6.92	7.96	9.29	*16.7*	10.80	*16.3*	12.50	14.40	16.51
Average shares (diluted)	1,854	2,236	2,236	2,236	*0.0*	2,236	*0.0*	2,236	2,236	2,236

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	17,364	15,174	14,194	13,613	*-4.1*	13,351	*-1.9*	13,521	14,008	14,717
Other current assets	43,262	45,035	50,757	54,144	*6.7*	58,239	*7.6*	62,624	67,511	73,089
Total current assets	**60,627**	**60,209**	**64,950**	**67,756**	*4.3*	**71,591**	*5.7*	**76,144**	**81,519**	**87,806**
Net tangible fixed assets	5,648	6,692	7,238	8,339	*15.2*	9,245	*10.9*	9,984	10,585	11,073
Net intangible fixed assets	985	983	1,044	1,120	*7.3*	1,202	*7.3*	1,289	1,383	1,484
Investments / other assets	4,037	4,063	5,430	5,430	*0.0*	5,430	*0.0*	5,430	5,430	5,430
Total assets	**71,297**	**71,946**	**78,663**	**82,645**	*5.1*	**87,467**	*5.8*	**92,848**	**98,917**	**105,792**
Trade payables & other ST liabilities	47,320	47,601	52,570	54,074	*2.9*	56,015	*3.6*	58,106	60,432	63,081
Short term debt	5,550	5,591	4,980	4,480	*-10.0*	3,980	*-11.2*	3,480	2,980	2,480
Total current liabilities	**52,869**	**53,192**	**57,550**	**58,554**	*1.7*	**59,995**	*2.5*	**61,586**	**63,412**	**65,561**
Long term debt	1,748	810	252	252	*0.0*	252	*0.0*	252	252	252
Other long term liabilities	2,092	1,753	2,385	2,385	*0.0*	2,385	*0.0*	2,385	2,385	2,385
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**56,709**	**55,756**	**60,187**	**61,191**	*1.7*	**62,632**	*2.4*	**64,223**	**66,049**	**68,198**
Common s/h equity	**13,865**	**15,483**	**17,801**	**20,779**	*16.7*	**24,161**	*16.3*	**27,950**	**32,193**	**36,920**
Minority interests	723	707	675	675	*0.0*	675	*0.0*	675	675	675
Total liabilities & equity	**71,297**	**71,946**	**78,663**	**82,645**	*5.1*	**87,467**	*5.8*	**92,848**	**98,917**	**105,792**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	575	1,686	2,666	3,779	*41.7*	4,704	*24.5*	5,671	6,795	8,124
Depreciation & amortisation	506	722	702	871	*24.0*	1,112	*27.6*	1,327	1,521	1,697
Net change in working capital	1,709	(1,928)	1,963	(1,882)	-	(2,155)	*-14.5*	(2,293)	(2,561)	(2,929)
Other operating	(1,128)	(365)	(3,581)	(537)	*85.0*	(537)	*0.0*	(537)	(537)	(537)
Operating cash flow	**1,663**	**116**	**1,750**	**2,230**	*27.4*	**3,124**	*40.1*	**4,168**	**5,218**	**6,355**
Tangible capital expenditure	(1,031)	(1,553)	(1,700)	(1,972)	*-16.0*	(2,018)	*-2.3*	(2,067)	(2,122)	(2,185)
Intangible capital expenditure	0	(131)	(71)	(76)	*-7.3*	(81)	*-7.3*	(87)	(94)	(101)
Net (acquisitions) & disposals	(305)	1	85	0	-	0	-	0	0	0
Other investing	9	12	8	537	*NM*	537	*0.0*	537	537	537
Investing cash flow	**(1,328)**	**(1,672)**	**(1,679)**	**(1,511)**	*10.0*	**(1,562)**	*-3.4*	**(1,617)**	**(1,679)**	**(1,748)**
Equity dividends paid	(225)	(276)	(647)	(801)	*-23.7*	(1,323)	*-65.2*	(1,882)	(2,552)	(3,397)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	2,570	443	240	0	-	0	-	0	0	0
Change in debt & pref shares	(1,523)	(728)	(527)	(500)	*5.1*	(500)	*0.0*	(500)	(500)	(500)
Financing cash flow	**822**	**(562)**	**(934)**	**(1,301)**	*-39.3*	**(1,823)**	*-40.1*	**(2,382)**	**(3,052)**	**(3,897)**
Cash flow inc/(dec) in cash	**1,157**	**(2,117)**	**(863)**	**(581)**	*32.7*	**(261)**	*55.0*	**169**	**487**	**710**
FX / non cash items	(69)	(73)	(117)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**1,088**	**(2,190)**	**(980)**	**(581)**	*40.7*	**(261)**	*55.0*	**169**	**487**	**710**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	8.8	3.0	5.9	7.2	5.7	4.7	3.9	3.3
P/E (UBS, diluted)	8.8	3.0	5.9	7.2	5.7	4.7	3.9	3.3
P/CEPS	4.7	2.1	4.7	5.9	4.6	3.8	3.2	2.7
Equity FCF (UBS) yield %	13.5	(30.7)	(0.1)	0.7	3.8	7.5	11.2	15.2
Dividend yield (net) %	2.1	10.6	5.2	4.9	7.0	9.5	12.7	15.1
P/BV	0.4	0.3	0.9	1.3	1.1	1.0	0.8	0.7
EV/revenues (core)	NM	NM	0.1	0.3	0.3	0.2	0.2	0.2
EV/EBITDA (UBS core)	NM	NM	1.2	2.9	2.3	1.9	1.5	1.1
EV/EBIT (core)	NM	NM	1.4	3.5	2.8	2.2	1.8	1.3
EV/OpFCF (core)	NM	NM	1.2	2.9	2.3	1.9	1.5	1.1
EV/op. invested capital	NM	NM	0.5	1.5	1.1	0.9	0.7	0.6

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	4,648	5,113	15,767	26,786	26,786	26,786	26,786	26,786
Net debt (cash)	(9,048)	(9,419)	(8,867)	(8,921)	(8,999)	(9,453)	(10,282)	(11,380)
Buy out of minorities	685	715	691	675	675	675	675	675
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**(3,716)**	**(3,591)**	**7,592**	**18,540**	**18,462**	**18,007**	**17,179**	**16,081**
Non core assets	(1,995)	(2,114)	(3,469)	(3,469)	(3,469)	(3,469)	(3,469)	(3,469)
Core enterprise value	**(5,711)**	**(5,705)**	**4,123**	**15,071**	**14,993**	**14,539**	**13,710**	**12,612**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	17.1	32.4	19.0	10.5	10.8	10.4	10.5	10.9
EBITDA (UBS)	(42.4)	NM	57.7	43.2	25.9	20.9	19.4	18.6
EBIT (UBS)	(61.0)	NM	86.0	47.9	25.5	21.2	20.4	20.0
EPS (UBS, diluted)	NM	143.1	58.2	41.7	24.5	20.6	19.8	19.6
Net DPS	NM	NM	45.5	65.2	42.3	35.6	33.1	19.6

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	12.1	13.5	15.0	16.6	17.2	17.6	18.0	18.5
EBITDA margin	2.2	5.9	7.8	10.1	11.4	12.5	13.5	14.5
EBIT (UBS) margin	0.5	4.0	6.2	8.3	9.5	10.4	11.3	12.2
Net earnings (UBS) margin	2.0	4.4	5.8	7.4	8.3	9.1	9.9	10.6
ROIC (EBIT)	3.0	26.5	37.1	42.7	40.8	39.9	40.2	41.0
ROIC post tax	2.1	22.4	35.7	35.4	34.1	33.5	33.7	34.6
ROE (UBS)	4.5	11.5	16.0	19.6	20.9	21.8	22.6	23.5

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(15.3)	(3.9)	(2.5)	(1.7)	(1.4)	(1.3)	(1.2)	(1.1)
Net debt / total equity %	(69.0)	(54.2)	(48.5)	(41.4)	(36.7)	(34.2)	(32.8)	(31.9)
Net debt / (net debt + total equity) %	NM	NM	(94.2)	(70.6)	(58.0)	(52.0)	(48.8)	(46.8)
Net debt/EV %	NM	NM	NM	(48.1)	(48.7)	(52.5)	(59.9)	(70.8)
Capex / depreciation %	NM	NM	NM	NM	181.5	155.7	139.5	128.7
Capex / revenue %	3.5	4.0	3.7	3.9	3.6	3.3	3.1	2.9
EBIT / net interest	1.4	6.6	13.6	20.1	25.9	32.5	41.0	52.1
Dividend cover (UBS)	5.4	3.1	3.3	2.9	2.5	2.2	2.0	2.0
Div. payout ratio (UBS) %	18.5	32.6	30.0	35.0	40.0	45.0	50.0	50.0

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	29,250	38,721	46,069	50,918	56,436	62,304	68,859	76,358
Total	**29,250**	**38,721**	**46,069**	**50,918**	**56,436**	**62,304**	**68,859**	**76,358**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	152	1,546	2,874	4,251	5,335	6,468	7,785	9,343
Total	**152**	**1,546**	**2,874**	**4,251**	**5,335**	**6,468**	**7,785**	**9,343**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Anhui Yingliu Electromechanical (603308.SS)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**2,412**	**2,513**	**2,919**	**3,528**	*20.9*	**5,068**	*43.7*	**6,372**	**8,040**	**10,180**
Gross profit	872	861	1,045	1,298	*24.2*	1,921	*48.0*	2,462	3,165	4,079
EBITDA (UBS)	**582**	**575**	**708**	**850**	*20.0*	**1,163**	*36.9*	**1,454**	**1,843**	**2,363**
Depreciation & amortisation	(272)	(296)	(332)	(343)	*-3.3*	(368)	*-7.5*	(375)	(383)	(391)
EBIT (UBS)	**310**	**279**	**376**	**507**	*34.8*	**795**	*56.7*	**1,079**	**1,460**	**1,972**
Associates & investment income	2	2	1	1	*0.0*	1	*0.0*	1	1	1
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(107)	(126)	(142)	(137)	*3.8*	(138)	*-0.7*	(144)	(137)	(132)
Exceptionals (incl goodwill)	80	92	101	122	*20.9*	175	*43.7*	219	277	351
Pre-tax profit	**285**	**248**	**335**	**493**	*46.9*	**833**	*69.0*	**1,156**	**1,600**	**2,191**
Tax	(6)	5	(23)	(33)	*-46.9*	(56)	*-69.0*	(78)	(108)	(148)
Profit after tax	**278**	**254**	**313**	**459**	*46.9*	**777**	*69.0*	**1,078**	**1,493**	**2,043**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	25	33	36	46	*27.7*	66	*43.6*	75	82	81
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**303**	**286**	**349**	**505**	*44.9*	**842**	*66.7*	**1,153**	**1,574**	**2,125**
Net earnings (UBS)	**280**	**277**	**321**	**494**	*54.1*	**826**	*67.2*	**1,132**	**1,548**	**2,092**
Tax rate (%)	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	0.41	0.41	0.47	0.73	*54.1*	1.22	*67.2*	1.67	2.28	3.08
EPS (local GAAP, diluted)	0.44	0.42	0.51	0.74	*44.9*	1.24	*66.7*	1.70	2.32	3.13
EPS (UBS, basic)	0.41	0.41	0.47	0.73	*54.1*	1.22	*67.2*	1.67	2.28	3.08
DPS (net) (Rmb)	0.12	0.07	0.16	0.15	*-7.0*	0.25	*66.7*	0.34	0.46	0.63
Cash EPS (UBS, diluted) [1]	0.81	0.84	0.96	1.23	*28.2*	1.76	*42.8*	2.22	2.84	3.66
Book value per share	6.53	6.81	7.44	8.03	*7.8*	9.12	*13.6*	10.57	12.55	15.21
Average shares (diluted)	683	679	679	679	*0.0*	679	*0.0*	679	679	679

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	182	151	480	409	*-14.7*	186	*-54.5*	57	451	1,161
Other current assets	3,138	3,591	3,984	4,535	*13.8*	6,044	*33.3*	7,175	8,554	10,235
Total current assets	**3,320**	**3,742**	**4,464**	**4,944**	*10.7*	**6,230**	*26.0*	**7,232**	**9,005**	**11,396**
Net tangible fixed assets	4,842	5,475	6,044	6,225	*3.0*	6,400	*2.8*	6,584	6,783	7,003
Net intangible fixed assets	729	724	1,007	939	*-6.8*	875	*-6.8*	816	761	709
Investments / other assets	1,584	1,611	1,602	1,602	*0.0*	1,602	*0.0*	1,602	1,602	1,602
Total assets	**10,475**	**11,552**	**13,117**	**13,710**	*4.5*	**15,108**	*10.2*	**16,234**	**18,151**	**20,711**
Trade payables & other ST liabilities	1,000	1,333	1,523	1,764	*15.9*	2,387	*35.3*	2,904	3,560	4,391
Short term debt	1,773	2,150	1,727	1,727	*0.0*	1,827	*5.8*	1,527	1,527	1,527
Total current liabilities	**2,773**	**3,483**	**3,249**	**3,491**	*7.4*	**4,214**	*20.7*	**4,431**	**5,086**	**5,918**
Long term debt	2,008	2,235	3,724	3,724	*0.0*	3,724	*0.0*	3,724	3,724	3,724
Other long term liabilities	758	766	684	684	*0.0*	684	*0.0*	684	684	684
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**5,539**	**6,485**	**7,658**	**7,900**	*3.2*	**8,623**	*9.1*	**8,840**	**9,495**	**10,326**
Common s/h equity	**4,463**	**4,627**	**5,054**	**5,450**	*7.8*	**6,191**	*13.6*	**7,176**	**8,520**	**10,329**
Minority interests	473	441	405	359	*-11.3*	294	*-18.3*	218	137	55
Total liabilities & equity	**10,475**	**11,552**	**13,117**	**13,710**	*4.5*	**15,108**	*10.2*	**16,234**	**18,151**	**20,711**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	303	286	349	505	*44.9*	842	*66.7*	1,153	1,574	2,125
Depreciation & amortisation	272	296	332	343	*3.3*	368	*7.5*	375	383	391
Net change in working capital	(437)	(578)	(531)	(309)	*41.9*	(887)	*-187.3*	(613)	(724)	(850)
Other operating	(48)	(52)	(41)	(39)	*4.6*	(56)	*-42.5*	(63)	(66)	(61)
Operating cash flow	**90**	**(48)**	**108**	**500**	*363.7*	**268**	*-46.5*	**852**	**1,167**	**1,605**
Tangible capital expenditure	(533)	(547)	(294)	(463)	*-57.6*	(490)	*-5.9*	(514)	(543)	(581)
Intangible capital expenditure	0	(44)	(332)	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(87)	(220)	15	0	-	0	-	0	0	0
Other investing	2	2	(258)	1	-	1	*0.0*	1	1	1
Investing cash flow	**(618)**	**(810)**	**(868)**	**(462)**	*46.8*	**(489)**	*-5.9*	**(513)**	**(542)**	**(581)**
Equity dividends paid	(121)	(81)	(48)	(109)	*-128.6*	(101)	*7.0*	(168)	(231)	(315)
Share issues / (buybacks)	0	0	5,196	0	-	0	-	0	0	0
Other financing	32	338	(35)	0	-	0	-	0	0	0
Change in debt & pref shares	462	574	(4,044)	0	-	100	-	(300)	0	0
Financing cash flow	**373**	**831**	**1,069**	**(109)**	-	**(1)**	*99.0*	**(468)**	**(231)**	**(315)**
Cash flow inc/(dec) in cash	**(155)**	**(27)**	**309**	**(71)**	-	**(223)**	*-215.0*	**(129)**	**394**	**710**
FX / non cash items	22	(4)	20	0	*-99.9*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(132)**	**(31)**	**329**	**(71)**	-	**(223)**	*-215.0*	**(129)**	**394**	**710**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	38.5	30.0	51.9	58.3	35.0	25.6	18.7	13.9
P/E (UBS, diluted)	41.7	31.0	56.4	59.7	35.7	26.0	19.0	14.1
P/CEPS	21.1	15.0	27.7	35.2	24.7	19.6	15.3	11.9
Equity FCF (UBS) yield %	(3.8)	(7.4)	(2.9)	0.1	(0.8)	1.1	2.1	3.5
Dividend yield (net) %	0.7	0.6	0.6	0.3	0.6	0.8	1.1	1.4
P/BV	2.6	1.9	3.6	5.4	4.8	4.1	3.5	2.9
EV/revenues (core)	6.4	5.1	7.9	9.9	6.9	5.5	4.3	3.3
EV/EBITDA (UBS core)	26.4	22.5	32.6	41.0	30.0	24.0	18.8	14.4
EV/EBIT (core)	49.6	46.3	61.3	68.6	44.0	32.4	23.7	17.2
EV/OpFCF (core)	49.6	46.3	61.3	68.6	44.0	32.4	23.7	17.2
EV/op. invested capital	1.7	1.3	2.2	3.1	2.9	2.7	2.5	2.3

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	11,664	8,595	18,089	29,477	29,477	29,477	29,477	29,477
Net debt (cash)	3,291	3,917	4,603	5,006	5,203	5,279	4,997	4,445
Buy out of minorities	485	457	423	382	326	256	178	96
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**15,439**	**12,968**	**23,114**	**34,866**	**35,007**	**35,012**	**34,651**	**34,018**
Non core assets	(42)	(44)	(53)	(53)	(53)	(53)	(53)	(53)
Core enterprise value	**15,398**	**12,924**	**23,061**	**34,812**	**34,953**	**34,959**	**34,598**	**33,964**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	9.7	4.2	16.1	20.9	43.7	25.7	26.2	26.6
EBITDA (UBS)	13.9	(1.2)	23.1	20.0	36.9	25.0	26.7	28.2
EBIT (UBS)	7.4	(10.1)	34.8	34.8	56.7	35.7	35.3	35.0
EPS (UBS, diluted)	22.9	(0.5)	15.8	54.1	67.2	37.1	36.7	35.1
Net DPS	(32.6)	(41.3)	128.6	(7.0)	66.7	36.9	36.6	35.0

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	36.2	34.2	35.8	36.8	37.9	38.6	39.4	40.1
EBITDA margin	24.1	22.9	24.3	24.1	23.0	22.8	22.9	23.2
EBIT (UBS) margin	12.9	11.1	12.9	14.4	15.7	16.9	18.2	19.4
Net earnings (UBS) margin	11.6	11.0	11.0	14.0	16.3	17.8	19.3	20.6
ROIC (EBIT)	3.5	2.9	3.6	4.5	6.6	8.4	10.7	13.5
ROIC post tax	3.5	2.9	3.6	4.5	6.6	8.4	10.7	13.5
ROE (UBS)	6.4	6.1	6.6	9.4	14.2	16.9	19.7	22.2

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	6.2	7.4	7.0	5.9	4.6	3.6	2.6	1.7
Net debt / total equity %	72.9	83.6	91.1	86.8	82.7	70.2	55.4	39.4
Net debt / (net debt + total equity) %	42.2	45.5	47.7	46.5	45.3	41.3	35.7	28.3
Net debt/EV %	21.3	30.2	19.9	14.4	14.9	15.1	14.4	13.1
Capex / depreciation %	NM	NM	113.2	168.7	160.9	162.7	166.0	171.1
Capex / revenue %	22.1	21.8	10.1	13.1	9.7	8.1	6.8	5.7
EBIT / net interest	2.9	2.2	2.6	3.7	5.8	7.5	10.6	14.9
Dividend cover (UBS)	3.4	5.8	3.0	4.9	4.9	4.9	4.9	4.9
Div. payout ratio (UBS) %	29.1	17.2	33.9	20.5	20.4	20.4	20.3	20.3

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	2,412	2,513	2,919	3,528	5,068	6,372	8,040	10,180
Total	**2,412**	**2,513**	**2,919**	**3,528**	**5,068**	**6,372**	**8,040**	**10,180**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	310	279	376	507	795	1,079	1,460	1,972
Total	**310**	**279**	**376**	**507**	**795**	**1,079**	**1,460**	**1,972**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Sieyuan Electric (002028.SZ)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**12,460**	**15,458**	**21,539**	**27,644**	*28.3*	**35,526**	*28.5*	**44,463**	**55,707**	**69,863**
Gross profit	3,676	4,830	6,629	8,552	*29.0*	11,047	*29.2*	13,748	17,105	21,275
EBITDA (UBS)	**1,947**	**2,659**	**3,913**	**5,144**	*31.5*	**6,598**	*28.3*	**8,122**	**9,995**	**12,295**
Depreciation & amortisation	(206)	(255)	(317)	(347)	*-9.3*	(377)	*-8.6*	(413)	(456)	(509)
EBIT (UBS)	**1,741**	**2,404**	**3,596**	**4,797**	*33.4*	**6,222**	*29.7*	**7,709**	**9,539**	**11,786**
Associates & investment income	20	47	56	56	*0.0*	56	*0.0*	56	56	56
Other non-operating income	(130)	(198)	(139)	(160)	*-15.3*	(138)	*13.5*	(114)	(83)	(44)
Net interest	3	7	8	(22)	-	41	-	68	110	165
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,633**	**2,260**	**3,520**	**4,671**	*32.7*	**6,180**	*32.3*	**7,719**	**9,622**	**11,963**
Tax	(163)	(346)	(459)	(614)	*-33.8*	(811)	*-32.1*	(1,014)	(1,264)	(1,572)
Profit after tax	**1,470**	**1,914**	**3,061**	**4,056**	*32.5*	**5,369**	*32.4*	**6,706**	**8,358**	**10,390**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(49)	(36)	(110)	(146)	*-33.8*	(194)	*-32.1*	(542)	(682)	(847)
Extraordinary items	138	171	199	304	*52.9*	390	*28.5*	488	612	767
Net earnings (local GAAP)	**1,559**	**2,049**	**3,150**	**4,213**	*33.8*	**5,565**	*32.1*	**6,653**	**8,288**	**10,311**
Net earnings (UBS)	**1,421**	**1,878**	**2,952**	**3,910**	*32.5*	**5,175**	*32.4*	**6,164**	**7,676**	**9,543**
Tax rate (%)	10.0	15.3	13.0	13.2	*0.8*	13.1	*-0.2*	13.1	13.1	13.1

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	1.84	2.42	3.76	5.00	*33.1*	6.62	*32.4*	7.88	9.82	12.20
EPS (local GAAP, diluted)	2.02	2.64	4.01	5.39	*34.4*	7.12	*32.1*	8.51	10.60	13.18
EPS (UBS, basic)	1.84	2.42	3.79	5.00	*32.1*	6.62	*32.4*	7.88	9.82	12.20
DPS (net) (Rmb)	0.40	0.50	0.70	1.08	*53.0*	1.42	*32.1*	1.70	2.12	2.64
Cash EPS (UBS, diluted) [1]	2.11	2.75	4.16	5.44	*30.8*	7.10	*30.4*	8.41	10.40	12.85
Book value per share	13.42	15.92	19.92	24.50	*23.0*	30.54	*24.7*	37.62	46.52	57.58
Average shares (diluted)	772	776	786	782	*-0.4*	782	*0.0*	782	782	782

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	3,146	3,696	4,648	6,631	*42.7*	9,174	*38.4*	12,470	16,514	21,377
Other current assets	11,610	15,215	19,459	23,771	*22.2*	29,457	*23.9*	36,075	44,557	55,418
Total current assets	**14,756**	**18,911**	**24,107**	**30,402**	*26.1*	**38,631**	*27.1*	**48,545**	**61,071**	**76,796**
Net tangible fixed assets	1,686	2,680	3,324	3,639	*9.5*	4,017	*10.4*	4,464	4,999	5,647
Net intangible fixed assets	1,160	1,144	1,176	1,206	*2.5*	1,234	*2.3*	1,260	1,285	1,307
Investments / other assets	1,131	738	1,233	1,233	*0.0*	1,233	*0.0*	1,233	1,233	1,233
Total assets	**18,733**	**23,474**	**29,840**	**36,480**	*22.3*	**45,115**	*23.7*	**55,502**	**68,587**	**84,983**
Trade payables & other ST liabilities	7,737	10,456	13,423	16,311	*21.5*	20,030	*22.8*	24,336	29,782	36,677
Short term debt	114	163	380	380	*0.0*	380	*0.0*	380	380	380
Total current liabilities	**7,851**	**10,618**	**13,803**	**16,691**	*20.9*	**20,410**	*22.3*	**24,716**	**30,162**	**37,057**
Long term debt	30	28	60	0	-	0	-	0	0	0
Other long term liabilities	187	172	175	175	*0.0*	175	*0.0*	175	175	175
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**8,067**	**10,818**	**14,039**	**16,867**	*20.1*	**20,586**	*22.0*	**24,892**	**30,338**	**37,233**
Common s/h equity	**10,384**	**12,380**	**15,493**	**19,159**	*23.7*	**23,882**	*24.7*	**29,421**	**36,379**	**45,032**
Minority interests	282	276	308	454	*47.6*	648	*42.6*	1,189	1,871	2,718
Total liabilities & equity	**18,733**	**23,474**	**29,840**	**36,480**	*22.3*	**45,115**	*23.7*	**55,502**	**68,587**	**84,983**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	1,559	2,049	3,150	4,213	*33.8*	5,565	*32.1*	6,653	8,288	10,311
Depreciation & amortisation	206	255	317	347	*9.3*	377	*8.6*	413	456	509
Net change in working capital	253	(92)	(1,454)	(1,424)	*2.1*	(1,967)	*-38.1*	(2,312)	(3,036)	(3,966)
Other operating	(410)	207	138	146	*6.4*	194	*32.1*	542	682	847
Operating cash flow	**1,609**	**2,419**	**2,151**	**3,283**	*52.6*	**4,169**	*27.0*	**5,295**	**6,390**	**7,700**
Tangible capital expenditure	(606)	(831)	(749)	(620)	*17.2*	(711)	*-14.7*	(814)	(944)	(1,108)
Intangible capital expenditure	(127)	(91)	(72)	(72)	*0.0*	(72)	*0.0*	(72)	(72)	(72)
Net (acquisitions) & disposals	(445)	(1,028)	(479)	0	-	0	-	0	0	0
Other investing	1,025	244	58	0	-	0	-	0	0	0
Investing cash flow	**(153)**	**(1,705)**	**(1,241)**	**(692)**	*44.3*	**(783)**	*-13.2*	**(886)**	**(1,016)**	**(1,180)**
Equity dividends paid	(231)	(310)	(389)	(548)	*-40.8*	(843)	*-53.9*	(1,113)	(1,331)	(1,658)
Share issues / (buybacks)	45	141	218	0	-	0	-	0	0	0
Other financing	(331)	(45)	(21)	0	-	0	-	0	0	0
Change in debt & pref shares	(27)	58	246	(60)	-	0	-	0	0	0
Financing cash flow	**(544)**	**(155)**	**55**	**(608)**	-	**(843)**	*-38.6*	**(1,113)**	**(1,331)**	**(1,658)**
Cash flow inc/(dec) in cash	**911**	**558**	**965**	**1,983**	*105.5*	**2,543**	*28.2*	**3,296**	**4,044**	**4,863**
FX / non cash items	(17)	(8)	(13)	0	*99.9*	0	*100.0*	0	0	0
Balance sheet inc/(dec) in cash	**895**	**550**	**952**	**1,983**	*108.4*	**2,543**	*28.2*	**3,296**	**4,044**	**4,863**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	23.4	25.1	23.2	25.6	19.4	16.2	13.0	10.5
P/E (UBS, diluted)	25.6	27.4	24.8	27.6	20.9	17.5	14.1	11.3
P/CEPS	22.4	24.1	22.2	25.4	19.4	16.4	13.3	10.7
Equity FCF (UBS) yield %	2.4	2.9	1.8	2.4	3.2	4.1	5.0	6.1
Dividend yield (net) %	0.8	0.8	0.8	0.8	1.0	1.2	1.5	1.9
P/BV	3.5	4.2	4.7	5.6	4.5	3.7	3.0	2.4
EV/revenues (core)	2.7	3.1	3.2	3.7	2.8	2.2	1.7	1.3
EV/EBITDA (UBS core)	17.3	18.1	17.5	19.8	15.1	12.0	9.4	7.4
EV/EBIT (core)	19.3	20.1	19.0	21.3	16.0	12.6	9.9	7.7
EV/OpFCF (core)	19.3	20.1	19.0	21.3	16.0	12.6	9.9	7.7
EV/op. invested capital	4.9	5.8	6.7	8.4	7.0	5.8	4.7	3.8

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	36,323	51,358	72,385	107,315	107,315	107,315	107,315	107,315
Net debt (cash)	(2,565)	(3,253)	(3,856)	(5,229)	(7,523)	(10,442)	(14,112)	(18,565)
Buy out of minorities	273	279	292	381	551	918	1,530	2,295
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**34,031**	**48,383**	**68,820**	**102,466**	**100,343**	**97,791**	**94,733**	**91,044**
Non core assets	(353)	(145)	(488)	(488)	(488)	(488)	(488)	(488)
Core enterprise value	**33,677**	**48,238**	**68,333**	**101,979**	**99,855**	**97,303**	**94,245**	**90,556**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	18.2	24.1	39.3	28.3	28.5	25.2	25.3	25.4
EBITDA (UBS)	30.9	36.6	47.1	31.5	28.3	23.1	23.1	23.0
EBIT (UBS)	29.1	38.1	49.5	33.4	29.7	23.9	23.7	23.6
EPS (UBS, diluted)	20.2	31.5	55.2	33.1	32.4	19.1	24.5	24.3
Net DPS	32.1	25.1	40.8	53.0	32.1	19.5	24.6	24.4

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	29.5	31.2	30.8	30.9	31.1	30.9	30.7	30.5
EBITDA margin	15.6	17.2	18.2	18.6	18.6	18.3	17.9	17.6
EBIT (UBS) margin	14.0	15.6	16.7	17.4	17.5	17.3	17.1	16.9
Net earnings (UBS) margin	11.4	12.2	13.7	14.1	14.6	13.9	13.8	13.7
ROIC (EBIT)	25.5	28.8	35.1	39.4	43.7	45.8	47.7	48.9
ROIC post tax	23.0	24.4	30.6	34.2	38.0	39.8	41.4	42.4
ROE (UBS)	14.5	16.5	21.2	22.6	24.0	23.1	23.3	23.4

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(1.5)	(1.3)	(1.1)	(1.2)	(1.3)	(1.5)	(1.6)	(1.7)
Net debt / total equity %	(28.1)	(27.7)	(26.6)	(31.9)	(35.9)	(39.5)	(42.2)	(44.0)
Net debt / (net debt + total equity) %	(39.2)	(38.3)	(36.3)	(46.8)	(55.9)	(65.3)	(73.0)	(78.5)
Net debt/EV %	(7.5)	(6.7)	(5.6)	(5.1)	(7.5)	(10.7)	(14.9)	(20.4)
Capex / depreciation %	NM	NM	NM	NM	NM	NM	NM	NM
Capex / revenue %	4.9	5.4	3.5	2.2	2.0	1.8	1.7	1.6
EBIT / net interest	-	-	-	NM	-	-	-	-
Dividend cover (UBS)	4.6	4.8	5.4	4.6	4.6	4.6	4.6	4.6
Div. payout ratio (UBS) %	21.7	20.7	18.6	21.6	21.5	21.6	21.6	21.6

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Switchgear	5,582	6,910	8,935	11,554	14,939	18,674	23,342	29,178
Windings	2,747	3,348	4,633	6,255	8,444	10,978	14,271	18,552
Reactive power compensation	1,850	2,444	2,542	3,051	3,661	4,210	4,841	5,568
EPC	924	1,010	2,332	2,915	3,644	4,555	5,694	7,118
Others	351	725	1,570	1,963	2,454	3,067	3,834	4,793
Secondary equipment	1,005	1,020	1,525	1,907	2,383	2,979	3,724	4,655
Others	1	1	2	(1)	1	0	1	(1)
Total	**12,460**	**15,458**	**21,539**	**27,644**	**35,526**	**44,463**	**55,707**	**69,863**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	1,741	2,404	3,596	4,797	6,222	7,709	9,539	11,786
Total	**1,741**	**2,404**	**3,596**	**4,797**	**6,222**	**7,709**	**9,539**	**11,786**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Valuation Method and Risk Statement

Renewables sector risks include: 1) slower-than-expected domestic renewable energy installed capacity growth; 2) bigger-than-expected tariff cuts on renewable energy projects; 3) a slower-than-expected decline in solar power costs; 4) a lack of subsidy funding sources; and 5) competition from other power resources under future power reform.
Power grid sector risks include: 1) slower-than-expected grid investment growth; 2) unexpected raw material price hikes that hurt margins; and 3) intensified competition and grid companies' willingness to do business with unfamiliar new suppliers.
Our price target for Sieyuan is based on a DCF methodology. Key downside risks are: 1) weaker-than-expected demand for high-voltage primary equipment globally; 2) rising competition in overseas markets that could weigh on market share; 3) lower-than-expected ASP; 4) higher-than-expected raw material price hikes; 5) longer-than-expected product delivery cycle in overseas markets.
Our price target for Huaming is based on DCF methodology. Key downside risks are: 1) weaker-than-expected global demand for transformer tap changers; 2) rising competition in overseas markets that could weigh on market share; 3) lower-than-expected ASP; 4) longer-than-expected product delivery cycle in overseas markets.
We base our price target for Yingliu on a PE methodology, checked against peers and the company's history. Key downside risks include: 1) weaker-than-expected demand for gas turbines and new aircraft globally; 2) product yield lower than expected during product upgrades, which can negatively impact margins; 3) capacity expansion to be slower than expected; and 4) refinancing risk due to its high net gearing ratio.
Our price target for NARI Technology is based on a DCF methodology. Key risks to our forecasts are: 1) slower-than-expected new order growth from dispatch system and ICT businesses; 2) unexpected raw material price hikes, and the company fails to fully pass through the additional costs; 3) slower-than-expected margin recovery for the ICT business; and 4) slower-than-expected progress of UHV approval, bidding and construction.
Our price target for Willfar is based on a DCF methodology. Key downside risks to our forecasts are: 1) a slower-than-expected upgrade process for power communication products; 2) lower-than-expected product ASP; and 3) fiercer-than-expected competition could weigh on the market share.
We base our price target for Sanxing on an SOTP methodology, with individual business segments valued by forward PE. Key downside risks include: 1) weaker-than-expected demand for smart meter globally; 2) fiercer-than-expected competition in the global distribution transformer market, which may weigh on margins; 3) unexpected goodwill impairment; and 4) unexpected dividend payout ratio cuts. In addition, the hospital sector in China typically faces policy risks, for example, VBP/GPO (Volume-Based Procurement/Group Purchasing Organisations) of drugs/ consumables may drag hospitals' revenues, and DRG/DIP may lower hospitals' inpatient ASP.
Our price targets for Dongfang A and H are based on a PE multiple, benchmarked against historical trading ranges and regional peers. We believe this approach appropriately captures the company's earnings growth potential and sector positioning. Key downside risks to our view include: 1) a slower- than-expected recovery in demand for power generation equipment, particularly in thermal, hydro and nuclear segments; 2) lowerthan- anticipated average selling prices (ASPs) or a less favourable cost structure, both of which could weigh on gross margin performance; 3) delays in the company's transition towards higher-value operation and maintenance (O&M) services; and 4) slower-thanexpected progress in nuclear technology development, which could affect the company's long-term order visibility.
We base our price target on Harbi is based on the PE multiple methodology, benchmarked against historical trading ranges and regional peers. We believe this approach appropriately captures the company's earnings growth potential and sector positioning. Key downside risks to our view include: 1) a slower-than-expected recovery in demand for power generation equipment, particularly in thermal, hydro and nuclear segments; 2) lower than-anticipated average selling prices (ASPs) or a less favourable cost structure, both of which could weigh on gross margin performance; 3) delays in the company's transition towards higher-value operation and maintenance (O&M) services; and 4) slowerthanexpected progress in nuclear technology development, which could affect the company's long-term order visibility.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Anhui Yingliu Electromechanical

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dongfang Electric Corporation

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dongfang Electric-A

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Harbin Electric Company

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Huaming Power Equipment

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NARI Technology

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Ningbo Sanxing Medical Electric

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Sieyuan Electric

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Question	Response
11. What is the catalyst?	

Willfar Information Technology

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS AG Hong Kong Branch: Eason Tang, Ken Liu.**UBS Securities Pte. Ltd., Seoul Branch:** Brandon Suh, Yoon Cho.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Anhui Yingliu Electromechanical[13]	603308.SS	Buy	Rmb43.41	18 Sep 2026
CGN Power[18]	1816.HK	Buy	HK$2.98	18 Sep 2026
China Resources Power[16]	0836.HK	Buy	HK$18.89	18 Sep 2026
Dongfang Electric Corporation[18]	1072.HK	Buy	HK$19.31	18 Sep 2026
Dongfang Electric-A[18]	600875.SS	Buy	Rmb24.42	18 Sep 2026
Harbin Electric Company[13,28]	1133.HK	Buy	HK$14.03	18 Sep 2026
Huaming Power Equipment	002270.SZ	Buy	Rmb18.35	18 Sep 2026
NARI Technology	600406.SS	Buy	Rmb22.05	18 Sep 2026
Ningbo Sanxing Medical Electric	601567.SS	Buy	Rmb14.27	18 Sep 2026
Sieyuan Electric	002028.SZ	Buy	Rmb138.00	18 Sep 2026
Willfar Information Technology	688100.SS	Buy	Rmb24.67	18 Sep 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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