China AI Infrastructure

AI compute boom benefits compute rental and infra software vendors

Equities
Software

China

- AI compute boom lifts GPU rental prices; vendors enjoy volume and price uptrend
- Memory-led hardware price hikes drive software-defined infrastructure adoption
- Maintain Buy ratings on Range and Sangfor; lower both TPs

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Beneficiaries of AI compute boom; prefer Range and Sangfor. Surging training and inference workloads, combined with constrained AI accelerators' supply, have driven a continued hike in GPU servers' rental prices YTD. Meanwhile, AI compute hardware price hikes have pushed enterprises to focus more on software-defined infrastructure to improve hardware utilisation. Relevant suppliers, such as Range and Sangfor, look set to benefit. We raise Range's 2026-28e EBITDA estimates by 8-13%, and raise Sangfor's net profit estimates by 31%-82% over the same period. However, we cut both companies' TPs on lower valuation multiples, as we believe the market is currently focusing more on earnings delivery, and the valuation re-rating period is on pause for now. Separately, despite the share prices of Range and Sangfor rising 30% and 23% YTD, respectively, vs CSI 300 down 4%, we believe the market hasn't fully priced in the earnings upside from robust AI compute demand.

Compute rental in a volume and price uptrend. On the supply side, US tech export restrictions on advanced accelerators and extended delivery lead times cause wider supply gap; on the demand side, domestic LLM training / inference are generating sustained incremental demand. Per our compilation of public disclosures, A-share listed companies have announced compute rental orders totalling RMB72-79bn since May 2026 (implied c10,000 H100 8*GPU server rental orders per our estimates). Since early 2026, monthly rental prices for GPU servers have risen markedly in both the US and China. The Silicon Data B200 on-demand rental price has risen 30% YTD. Nebius has hiked its B300 models' on-demand GPU pricing by c56% cumulatively in 2026. We believe compute rental players with ample data centre capacity and strong delivery capability, e.g. Range, stand to benefit.

Hardware price hikes bring tailwind for infra software vendors. Soaring memory and GPU costs have materially lifted enterprises' IT expenses, driving enterprises to improve hardware utilisation through software-defined infrastructure such as hyperconverged infrastructure (HCI) and distributed storage, boosting demand for Sangfor's cloud computing business. Besides, Sangfor partly delivers its products in software-integrated hardware form, allowing hardware price increases to pass through directly into product pricing. Our 2026-28e net profit estimates are 35%, 20% and 9% higher than Wind consensus as we are more optimistic on the robust demand and gross margin profile. See company section for **valuation and risks**.

Less bull, more bite
The 25th edition of the EM Sentiment Survey
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Exhibit 1. Ratings and summary of changes in net profit and target price

			Current	TP		Rating		Upside	Net profit estimates (RMBm) 2026e			2027e			2028e		
Company	Ticker	Currency	price	Old	New	Old	New		Old	New	Change	Old	New	Change	Old	New	Change
Range	300442 CH	RMB	68.01	111.00	84.00	Buy	Buy	24%	2,711	2,753	2%	3,762	3,590	-5%	5,366	5,434	1%
Sangfor	300454 CH	RMB	141.99	180.00	176.00	Buy	Buy	24%	464	847	82%	631	991	57%	852	1,115	31%

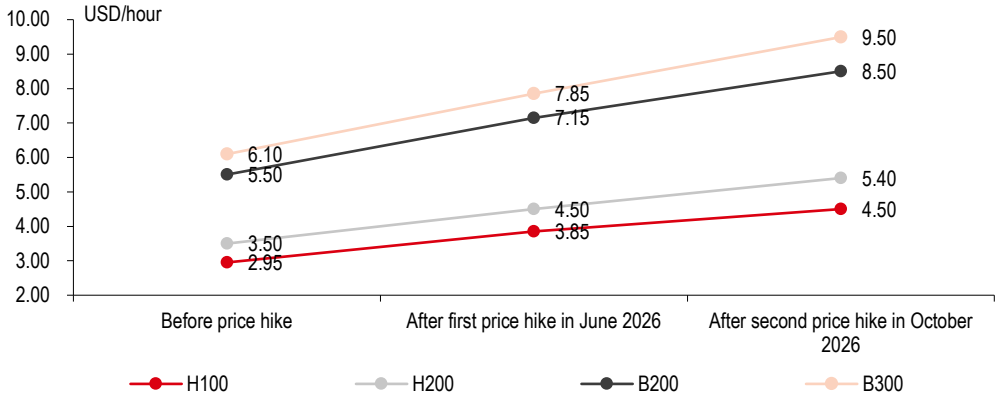
Source: Wind, HSBC Qianhai Securities estimates. Note: Priced at close of 24 September 2026

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

Issuer of report: HSBC Qianhai Securities Limited

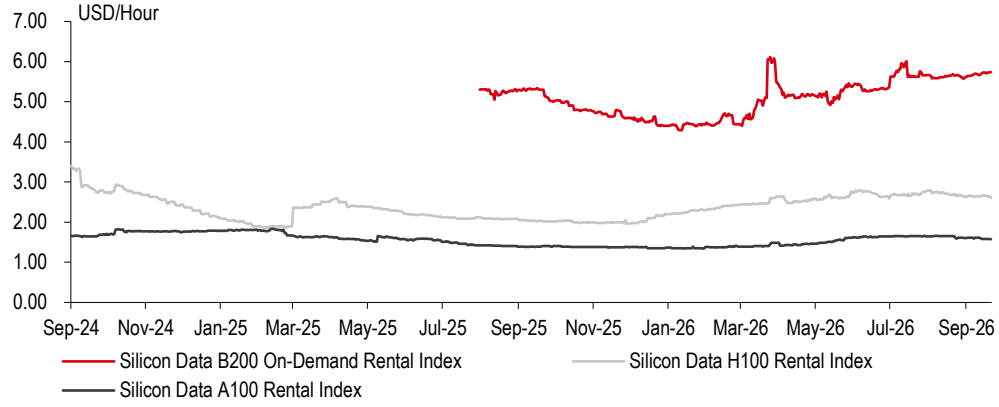
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Exhibit 1. Nebius on-demand GPU instances' pricing: Nebius has raised its GPU cloud prices twice in 2026; B300 hourly price has been cumulatively hiked c56%



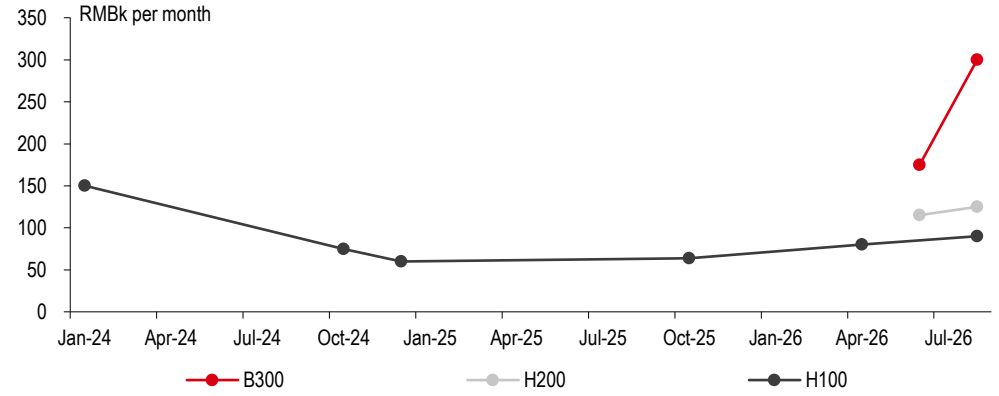
Source: Nebius, HSBC Qianhai Securities

Exhibit 2. Silicon Data GPU rental index: B200 on-demand rental price has risen 30% YTD



Source: Bloomberg, HSBC Qianhai Securities

Exhibit 3. China GPU rental price trend: advanced GPU rental price saw significant hike in 2026



Source: 36Kr (21 October 2024), China Business Journal (9 December 2024), CLS (16 April 2026), Sharetronic, Gloryview, HSBC Qianhai Securities

Exhibit 4. Large GPU rental orders announced since May

Date	Company	Ticker	Amount (RMBm)	Service term (years)
9/21/2026	Richinfo Technology (彩讯股份)	300634 CH	1,812	5
9/18/2026	Paratera Tech (并行科技)	920493 CH	1,913	5
9/16/2026	Kanghui Pharmaceutical (康惠股份)	603139 CH	1,720	5
9/7/2026	Asiacom InfoTech(亚康股份)	301085 CH	1,188	5
9/3/2026	Asiacom InfoTech(亚康股份)	301085 CH	922	5
9/3/2026	Xingyun Tech (行云科技)	300209 CH	922	5
9/1/2026	Yang Guang (阳光股份)	000608 CH	633	5
8/27/2026	Asiacom InfoTech (亚康股份)	301085 CH	925	5
8/27/2026	Lifestrong Pharmacy (粤万年青)	301111 CH	1,244	5
8/19/2026	Sie Consulting (赛意信息)	300687 CH	6,450	5
8/3/2026	Goldlok Holdings (高乐股份)	002348 CH	3,195	5
7/29/2026	Xingyun Tech (行云科技)	300209 CH	3,053	5
7/10/2026	Hec (东阳光)	600673 CH	13,000-15,000	5
7/1/2026	Xingyun Tech (行云科技)	300209 CH	5,508	5
6/16/2026	Goldlok Holdings (高乐股份)	002348 CH	3,557	5
6/2/2026	Hec (东阳光)	600673 CH	10,000-12,000	5
5/6/2026	Hec (东阳光)	600673 CH	16,000-19,000	5

Source: Company data, Wind, HSBC Qianhai Securities



Range (300442 CH, Buy, TP RMB84.00)

Estimate revisions

We raise our 2026-28e revenue estimates by 9%, 6%, and 12%, respectively, to factor in higher GPU rental prices and Range's higher-than-expected capex in 1H26. We lower our 2026-28e gross margin estimates by 2ppt, 3ppt, and 3ppt, respectively, mainly as we expect higher depreciation cost from GPU servers. Our 2026-28e core expense ratio estimates (selling, administrative and R&D combined) are largely unchanged. After the above changes, our 2026-28e net profit estimates are largely unchanged. We raise our 2026-28e EBITDA estimates by 11%, 8%, and 13%, respectively.

Exhibit 5. Range 2Q26 results overview

(RMBm)	2Q26	2Q25	y-o-y	1H26	1H25	y-o-y	2H26e	2H25	y-o-y
Revenue	1,906	1,298	47%	3,746	2,496	50%	4,800	3,177	51%
Costs	1,022	661	55%	2,001	1,263	58%	2,765	1,798	54%
Gross profit	884	637	39%	1,745	1,233	42%	2,035	1,379	48%
Selling expenses	1	0	70%	1	1	36%	5	3	55%
Administrative expenses	46	41	10%	108	82	32%	216	163	33%
R&D expenses	73	49	49%	122	84	45%	172	123	40%
Financial expenses	108	80	35%	211	144	47%	230	167	38%
Tax and extra charges	21	16	27%	41	31	31%	62	50	23%
Asset impairment loss	8	17	-55%	22	18	18%	21	17	27%
Other operating income	65	37	75%	72	37	93%	168	3,921	-96%
Operating profit	693	470	47%	1,311	910	44%	1,497	4,778	-69%
Non-operating income	0	1	-87%	0	2	-96%	2	0	1710%
Other expenses	2	0	508%	2	0	340%	-1	1	-192%
Profit before tax	692	471	47%	1,310	912	44%	1,500	4,777	-69%
Taxation	53	17	221%	85	31	172%	-29	609	-105%
Profit after tax	639	454	41%	1,224	880	39%	1,529	4,168	-63%
Minorities	18	2	702%	21	-2	1388%	-21	1	-3145%
Net profit	**621**	**452**	**37%**	**1,203**	**882**	**36%**	**1,550**	**4,168**	**-63%**

Source: Company data, HSBC Qianhai Securities estimates

Exhibit 6. Revenue estimate changes, by segment

	2026e			2027e			2028e		
(RMBm)	Old	New	Change	Old	New	Change	Old	New	Change
IDC	3,442	3,457	0%	3,292	3,186	-3%	3,314	3,367	2%
AIDC	4,426	5,088	15%	7,210	7,983	11%	10,856	12,497	15%
Total	**7,868**	**8,545**	**9%**	**10,502**	**11,169**	**6%**	**14,170**	**15,864**	**12%**

Source: HSBC Qianhai Securities estimates

Exhibit 7. Revenue and earnings estimate changes

	2026e			2027e			2028e		
(RMBm)	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	7,868	8,545	9%	10,502	11,169	6%	14,170	15,864	12%
Costs	4,248	4,766	12%	5,553	6,204	12%	7,335	8,664	18%
Gross profit	3,620	3,780	4%	4,948	4,965	0%	6,835	7,200	5%
Selling expenses	6	6	9%	8	8	6%	11	12	12%
Administrative expenses	315	325	3%	399	402	1%	510	539	6%
R&D expenses	270	294	9%	340	362	6%	430	482	12%
Financing expenses	386	441	14%	437	568	30%	428	581	36%
Tax and extra charges	113	103	-9%	151	134	-11%	204	190	-6%
Impairment loss	5	43	797%	6	56	778%	9	79	824%
Other operating income	240	240	0%	231	228	-1%	231	228	-1%
Operating profit	2,766	2,809	2%	3,838	3,663	-5%	5,475	5,544	1%
Non-operating income	2	2	0%	2	2	0%	2	2	0%
Non-operating expenses	1	1	0%	1	1	0%	1	1	0%
Profit before tax	2,767	2,810	2%	3,839	3,664	-5%	5,476	5,545	1%
Income tax	55	56	2%	77	73	-5%	110	111	1%
Profit after tax	2,712	2,754	2%	3,763	3,591	-5%	5,366	5,434	1%
Minority Interest	0	0	2%	0	0	-5%	1	1	1%
Net profit	**2,711**	**2,753**	**2%**	**3,762**	**3,590**	**-5%**	**5,366**	**5,434**	**1%**
EBITDA	**5,021**	**5,566**	**11%**	**7,149**	**7,746**	**8%**	**10,130**	**11,409**	**13%**

Source: HSBC Qianhai Securities estimates

Our 2026-28 revenue and EBITDA estimates are largely above consensus, as we are more optimistic on Range's compute rental business and its data centre IT capacity expansion given its technology advantages and sufficient energy quota.

Exhibit 8. HSBC Qianhai Securities estimates versus Wind consensus

	HSBC Qianhai estimates			Consensus			Difference		
(RMBm)	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
Revenue	8,545	11,169	15,864	8,175	10,502	13,049	5%	6%	22%
EBITDA	5,566	7,746	11,409	5,584	7,134	8,958	0%	9%	27%

Source: Wind (revenue), Bloomberg (EBITDA), HSBC Qianhai Securities estimates

Exhibit 9. Sensitivity analysis of estimated net profit attributable to the parent

	Changes in net profit attributable to the parent		
Changes in gross margin	2026e	2027e	2028e
+1ppt	1.8%	1.8%	1.8%
0ppt	0.0%	0.0%	0.0%
-1ppt	-1.8%	-1.8%	-1.8%

Source: HSBC Qianhai Securities estimates

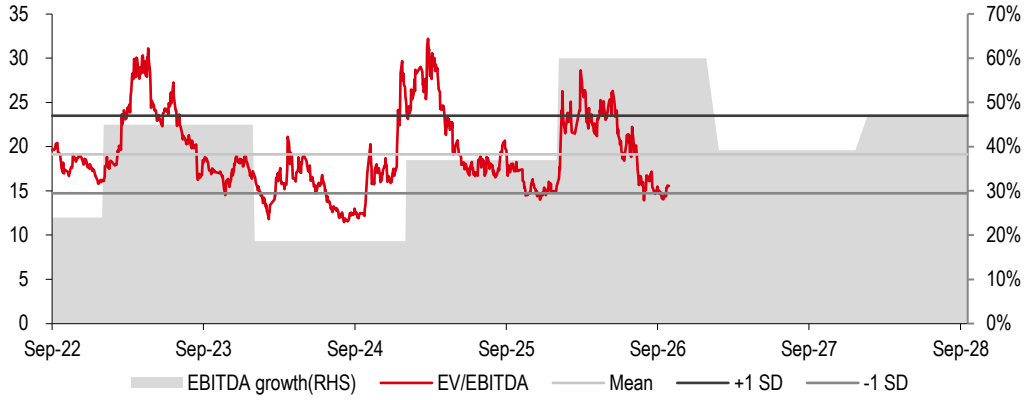
Maintain Buy; lower EV/EBITDA-based TP to RMB84.00 (from RMB111.00)

We continue to use an EV/EBITDA multiple and refer to Range's historical valuation to value the stock. Range's adjusted historical average EV/EBITDA stands at 17x (excluding EV/EBITDA multiples > original historical average + 1 SD). We forecast Range's 2026-28e EBITDA CAGR at 43%, vs 2021-26e EBITDA CAGR at 36% (previously we referred to a 2025-28e EBITDA CAGR of 43%, vs 2021-25e EBITDA CAGR of 31%). Hence, we apply a 21x (43/36*17, previously 28x) 2027e EV/EBITDA multiple to value Range.

Despite raising our 2026-28e EBITDA estimates, we apply a lower target EV/EBITDA multiple to value Range as we see that the c60% EBITDA y-o-y growth in 2026e reflects more cyclical GPU rental demand growth and significant GPU rental price hikes over the short term, which might not be sustainable over the long term when domestic GPU sees improved performance and an easing in supply.

Based on our 2027e EBITDA of RMB7.7bn (previously RMB7.1bn), we arrive at our TP of RMB84.00 (previously RMB111.00), implying 24% upside. Accordingly, we maintain our Buy rating on Range.

Exhibit 10. Range 1-yr forward EV/EBITDA band



Source: Company data, HSBC Qianhai Securities estimates

Exhibit 11. Comparable companies for Range

Ticker	Company	HSBC Qianhai Rating	Market Cap USDbn	ADTV USDm	Target Price RMB	Price RMB	Revenue Growth 2026e	Revenue Growth 2027e	EPS Growth 2026e	EPS Growth 2027e	PS (x) 2026e	PS (x) 2027e	PE (x) 2026e	PE (x) 2027e	PEG (x) 2027e	ROE 2026e	ROE 2027e	EV/EBITDA 2026e	EV/EBITDA 2027e	EBITDA CAGR 2025-28e
300442 CH	Range*	Buy	16.5	390	84.00	68.01	51%	31%	-44%	30%	13.1	10.0	40	31	0.7	18%	20%	24	17	49%
600845 CH	Baosight*	Buy	6.4	56	28.00	18.26	11%	10%	22%	19%	4.3	3.9	33	28	1.7	14%	15%	19	17	13%
300857 CH	Sharetronic	NR	19.5	826	-	268.58	312%	84%	176%	91%	4.3	2.3	29	15	0.3	51%	50%			N/A
600673 CH	Hec	NR	14.1	289	-	31.69	17%	14%	565%	29%	5.5	4.8	53	41	1.8	16%	17%	31	27	N/A
301396 CH	Gloryview	NR	5.6	465	-	176.85	725%	107%	1366%	105%	7.0	3.4	70	34	0.4	30%	49%	16	6	67%
300383 CH	Sinnet	NR	2.9	134	-	11.07	0%	7%	-129%	42%	2.8	2.6	91	64	1.4	2%	2%	16	15	N/A
603881 CH	AtHub	NR	3.1	163	-	23.95	5%	7%	9%	15%	11.4	10.7	115	101	7.7	5%	5%	20	19	70%
300738 CH	Aofei Data	NR	2.8	177	-	19.31	29%	18%	200%	30%	5.9	5.0	47	36	1.6	10%	11%	15	13	N/A
	Average		**8.9**	**313**			**144%**	**35%**	**271%**	**45%**	**6.8**	**5.3**	**60**	**44**	**1.9**	**18%**	**21%**	**20**	**16**	**50%**

Note: Priced at close of 24 September 2026. *Covered by HSBC Qianhai Securities and HSBC Qianhai Securities estimates are used. NR – Not Rated. NA – Not Applicable/Available.
Source: Bloomberg, Wind consensus (for Not Rated stocks), HSBC Qianhai Securities estimates (for HSBC Qianhai Securities covered stocks)

Potential share price catalysts

- **Hyperscalers raise capex**: Increased capital expenditure by hyperscale cloud providers will drive demand for data centre infrastructure, benefiting the company's revenue growth and long-term contract visibility.
- **Demand-driven GPU leasing price hike**: A surge in demand for high-performance AI compute could lead to higher GPU leasing rates, directly boosting the company's GPUaaS revenue and profitability.
- **EBITDA margin improvement**: Operational efficiencies, better utilisation and favourable contract terms can contribute to improved EBITDA margins, driving valuation re-ratings.

Key downside risks

- **More-intense-than-expected competition**: The data centre and GPUaaS industry is experiencing rapid growth, with an increasing number of domestic vendors entering the market. More-intense-than-expected competition could lead to pricing pressures, reduced margins and challenges in securing long-term contracts.
- **Concentration of major clients**: Range's business model is heavily reliant on a small number of large cloud service providers. This concentration exposes the company to significant risk if any of these clients reduce their data centre usage or renegotiate contracts.
- **Risk of order cancellations or delays**: Given the long-term and capital-intensive nature of data centre construction and operations, Range is vulnerable to order cancellations or changes in client requirements. Such disruptions could lead to underutilised infrastructure, delayed revenue recognition and increased operational costs.
- **Change in data centre energy quota policies**: Currently, the approval of new data centre projects requires strict energy consumption quota assessments from multiple government authorities, including the National Development and Reform Commission (NDRC) and local governments. If energy quota regulations become more stringent in the future, it could constrain Range's long-term IT capacity expansion and growth plans.

Financials & valuation: Range Technology

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	5,674	8,545	11,169	15,864
EBITDA	3,480	5,566	7,746	11,409
Depreciation & amortisation	1,228	2,274	3,301	3,916
Operating profit/EBIT	2,157	3,155	4,193	6,167
Net interest	0	0	0	0
PBT	5,689	2,810	3,664	5,545
HSBC Qianhai PBT	5,689	2,810	3,664	5,545
Taxation	-640	-56	-73	-111
Net profit	5,050	2,753	3,590	5,434
HSBC Qianhai net profit	1,901	2,703	3,540	5,384
Cash flow summary (CNYm)				
Cash flow from operations	3,292	5,079	7,154	9,003
Capex	-12,150	-12,926	-7,720	-7,750
Cash flow from investment	-9,088	-12,926	-7,720	-7,750
Dividends	-399	-324	-422	-639
Change in net debt	6,391	8,612	1,557	-33
FCF equity	-8,858	-7,847	-566	1,253
Balance sheet summary (CNYm)				
Intangible fixed assets	2,139	2,235	2,233	2,260
Tangible fixed assets	31,732	42,289	46,710	50,517
Current assets	7,280	6,037	7,948	6,660
Cash & others	3,354	1,762	3,357	1,124
Total assets	42,694	52,104	58,434	60,979
Operating liabilities	9,649	9,609	9,619	9,636
Gross debt	16,811	23,831	26,983	24,716
Net debt	14,873	23,485	25,042	25,009
Shareholders' funds	13,656	16,086	19,254	24,049
Invested capital	28,149	39,191	43,916	48,677

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	30.0	50.6	30.7	42.0
EBITDA	37.0	59.9	39.2	47.3
Operating profit	17.3	46.3	32.9	47.1
PBT	211.0	-50.6	30.4	51.3
HSBC Qianhai EPS	188.5	-44.0	30.1	51.3
Ratios (%)				
Revenue/IC (x)	0.2	0.3	0.3	0.3
ROIC	17.2	22.7	25.9	32.3
ROE	16.1	18.2	20.0	24.9
ROA	13.6	5.8	6.5	9.1
EBITDA margin	61.3	65.1	69.4	71.9
Operating profit margin	38.0	36.9	37.5	38.9
EBITDA/net interest (x)				
Net debt/equity	93.8	128.4	116.7	95.2
Net debt/EBITDA (x)	4.3	4.2	3.2	2.2
CF from operations/net debt	22.1	21.6	28.6	36.0
Per share data (CNY)				
EPS Rep (diluted)	3.09	1.68	2.19	3.31
HSBC Qianhai EPS (diluted)	3.00	1.68	2.19	3.31
DPS	0.24	0.20	0.26	0.39
Book value	8.36	9.80	11.73	14.65

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	22.0	15.6	12.1	8.5
EV/EBITDA	35.9	24.0	17.4	11.8
EV/IC	4.4	3.4	3.1	2.8
PE*	22.7	40.5	31.1	20.5
PB	8.1	6.9	5.8	4.6
FCF yield (%)	-7.9	-7.0	-0.5	1.1
Dividend yield (%)	0.4	0.3	0.4	0.6

* Based on HSBC Qianhai EPS (diluted)

ESG metrics

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

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

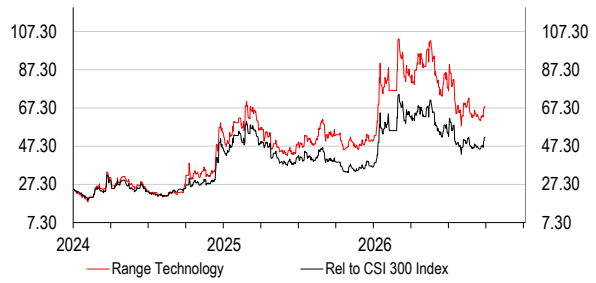
Source: Company data, HSBC Qianhai Securities

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

Issuer information

Share price (CNY)	68.01	Free float	100%
Target price (CNY)	84.00	Sector	Machinery
RIC (Equity)	300442.SZ	Country/Region	China
Bloomberg (Equity)	300442 CH	Analyst	Yiran Liu
Market cap (USDm)	16,625	Contact	+86 10 5795 2349

Price relative



Source: HSBC Qianhai Securities

Note: Priced at close of 24 Sep 2026

Sangfor (300454 CH, Buy, TP RMB176.00)

Estimate revisions

Sangfor's 1H26 cloud computing revenue grew 58.6% y-o-y, backed by strong demand for HCI and distributed storage. Sangfor's cybersecurity business has also resumed positive growth in 1H26, exceeding our expectation, as: 1) mature products, such as the next-generation firewall and web activity control system, saw demand recovery driven by new AI features and replacement cycle; and 2) AI-generated new cybersecurity demands drove growth in the company's AI security platform, managed security services (MSS), and Secure Access Service Edge (SASE).

We raise our 2026-28e revenue by 10%, 13%, and 14%, respectively, as: 1) we are more positive on cloud computing business growth given robust AI-driven HCI and EDS demand and accelerated VMware replacement amid the Sino-US tech decoupling trend; and 2) previously we were overly conservative on Sangfor's cybersecurity business, but now we see cybersecurity demand bottoming out given an extremely low base and new demand brought by AI (including AI-native security and upgraded traditional cybersecurity products with new AI features).

We lower our 2026-28e core expenses ratio estimates (selling, administrative, and R&D expenses combined) by 5ppt, 4ppt, and 3ppt, respectively, as we expect emerging economies of scale in the fast-growing cloud computing business and continued expenses control. After the above changes, we raise our 2026-28 net profit estimates by 82%, 57% and 31%, respectively.

Exhibit 12. Sangfor 2Q26 results overview

(RMBm)	2Q26	2Q25	y-o-y	1H26	1H25	y-o-y	2H26e	2H25	y-o-y
Revenue	2,371	1,747	36%	3,998	3,009	33%	5,922	5,034	18%
Costs	918	641	43%	1,564	1,141	37%	2,666	2,132	25%
Gross profit	1,453	1,107	31%	2,434	1,869	30%	3,255	2,901	12%
Selling expenses	668	633	6%	1,291	1,223	6%	1,425	1,330	7%
Administrative expenses	85	70	21%	164	155	6%	195	185	6%
R&D expenses	528	494	7%	1,027	982	5%	1,254	1,073	17%
Financial expenses	-46	-59	21%	-94	-111	15%	-90	-96	7%
Tax and extra charges	20	16	26%	28	23	19%	58	46	26%
Asset impairment loss	12	5	124%	12	-2	651%	-2	-7	74%
Other operating income	105	74	42%	209	170	23%	229	230	0%
Operating profit	291	20	1,322%	216	-232	193%	643	600	7%
Non-operating income	1	1	24%	8	5	57%	11	12	-10%
Other expenses	1	0	203%	4	2	130%	2	3	-51%
Profit before tax	291	21	1,279%	221	-229	197%	652	609	7%
Taxation	-5	-1	-429%	-10	-1	-959%	37	-12	418%
Profit after tax	296	22	1,245%	231	-228	202%	616	620	-1%
Minorities	0	0		0	0		0	0	
Net profit	**296**	**22**	**1,245%**	**231**	**-228**	**202%**	**616**	**620**	**-1%**

Source: Company data, HSBC Qianhai Securities estimates

Exhibit 13. Revenue estimate changes, by segment

	2026e			2027e			2028e		
(RMBm)	Old	New	Change	Old	New	Change	Old	New	Change
Cloud computing	4,973	5,614	13%	6,166	7,018	14%	7,399	8,422	14%
Cybersecurity	3,540	3,788	7%	3,575	3,977	11%	3,647	4,176	15%
Network & IoT	493	517	5%	493	543	10%	493	570	16%
Total	**9,005**	**9,920**	**10%**	**10,234**	**11,538**	**13%**	**11,539**	**13,168**	**14%**

Source: HSBC Qianhai Securities estimates

Exhibit 14. Revenue and earnings estimate changes

	2026e			2027e			2028e		
(RMBm)	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	9,005	9,920	10%	10,234	11,538	13%	11,539	13,168	14%
Costs	3,898	4,230	9%	4,597	5,152	12%	5,300	6,062	14%
Gross profit	5,108	5,689	11%	5,638	6,387	13%	6,240	7,106	14%
Selling expenses	2,715	2,715	0%	2,930	3,007	3%	3,163	3,320	5%
Administrative expenses	312	359	15%	312	376	21%	325	403	24%
R&D expenses	2,256	2,281	1%	2,462	2,596	5%	2,660	2,897	9%
Financing expenses	-308	-184	40%	-343	-190	45%	-377	-182	52%
Tax and extra charges	78	86	10%	89	100	13%	100	114	14%
Impairment loss	9	10	10%	10	12	13%	12	13	14%
Other operating income	371	389	5%	408	471	15%	456	543	19%
Operating profit	465	859	85%	635	1,006	58%	861	1,133	31%
Non-operating income	19	19	0%	21	21	0%	23	23	0%
Non-operating expenses	5	5	0%	6	6	0%	6	6	0%
Profit before tax	479	873	82%	651	1,021	57%	878	1,149	31%
Income tax	14	26	82%	20	31	57%	26	34	31%
Profit after tax	464	847	82%	631	991	57%	852	1,115	31%
Minority Interest	0	0		0	0		0	0	
Net profit	**464**	**847**	**82%**	**631**	**991**	**57%**	**852**	**1,115**	**31%**

Source: HSBC Qianhai Securities estimates

Our 2026-28e revenue and net profit estimates are above Wind consensus, as we are more positive on Sangfor's cloud computing segment growth amid booming AI infrastructure demand and hardware price hike trend.

Exhibit 15. HSBC Qianhai Securities estimates vs Wind consensus

	HSBC Qianhai's estimates			Wind consensus			Difference		
(RMBm)	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
Revenue	9,920	11,538	13,168	9,451	11,008	12,789	5.0%	4.8%	3.0%
Net profit	847	991	1,115	626	824	1,020	35.3%	20.3%	9.3%

Source: Wind, HSBC Qianhai Securities estimates

We analyse the sensitivity of net profit to changes in gross margin. As illustrated below, every 1ppt change in gross margin would lead to a 13-20% change in net profit in the same direction, based on our calculations.

Exhibit 16. Sensitivity of net profit to changes in gross margin

	Net profit change		
Changes in gross margin	2026e	2027e	2028e
+1ppt	18.9%	16.4%	13.9%
0ppt	0.0%	0.0%	0.0%
-1ppt	-19.7%	-15.9%	-13.1%

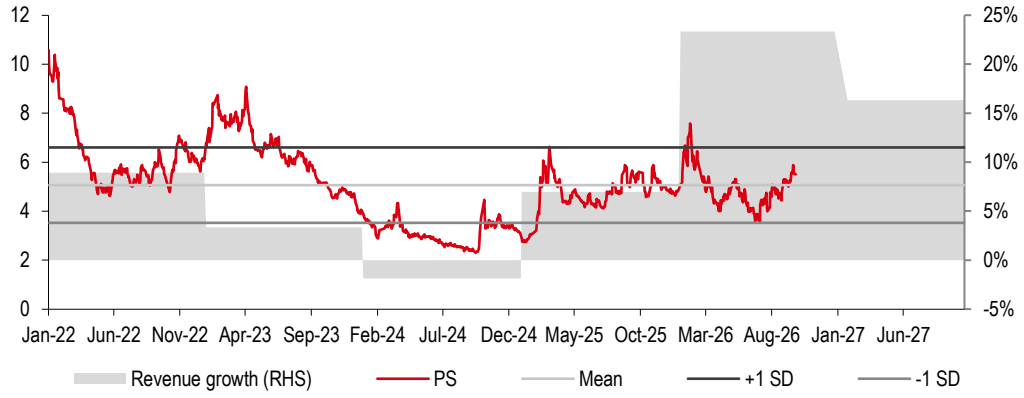
Source: HSBC Qianhai Securities estimates

Maintain Buy; lower PS-based target price to RMB176.00 (from RMB180.00)

We continue to use a PS multiple and refer to the historical valuation to value Sangfor. Sangfor's historical average 12-month forward PS since 2022 stands at 5.1x. We expect a 2025-28e revenue CAGR of 18% for Sangfor (previously 13%), vs. 14% revenue CAGR over 2018-25. Hence, we apply a 2027e target PS of 6.6x (18/14*5.1x; previously 8x) to value Sangfor.

Based on our 2027e revenue of RMB11.5bn (previously RMB10.2bn), we arrive at our new target price of RMB176.00 (previously RMB180.00), which implies c24% upside from current levels. We, therefore, maintain our Buy rating on Sangfor. We believe that an earnings recovery backed by an improved demand outlook for HCI and software-defined storage amid wider AI adoption and continued earnings recovery backed by expense control will drive a further valuation re-rating.

Exhibit 17. Sangfor: 1-year forward PS band (x)



Source: Bloomberg, HSBC Qianhai Securities estimates

Potential share price catalysts

- **Favourable policies:** Policies supporting cybersecurity, data security, IT innovation and digitisation may drive a valuation re-rating.
- **Better overseas expansion:** We expect overseas revenue growth to accelerate and bring a higher revenue contribution, which could help with margin expansion and earnings growth.
- **Robust earnings growth:** We expect expense control to drive strong earnings growth would lead to a valuation re-rating.

Key downside risks

- **More-intense-than-expected competition:** Competition is intense in the fields of cybersecurity and cloud computing. The participation of IT giants may impede Sangfor's growth potential in certain sub-segments.
- **Weaker-than-expected business expansion due to a challenging macroeconomy:** A challenging macroeconomy may suppress SMEs' cloud and cybersecurity demand and impact Sangfor's business expansion, resulting in lower-than-expected revenue growth.
- **Chip shortage:** The shortage could affect Sangfor's hardware supply, such as storage and servers, or result in an increase in product prices, impacting sales.

Financials & valuation: Sangfor Technologies

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	8,043	9,920	11,538	13,168
EBITDA	281	790	948	1,102
Depreciation & amortisation	-108	-101	-118	-134
Operating profit/EBIT	174	689	831	967
Net interest	206	184	190	182
PBT	380	873	1,021	1,149
HSBC Qianhai PBT	380	873	1,021	1,149
Taxation	12	-26	-31	-34
Net profit	393	847	991	1,115
HSBC Qianhai net profit	304	759	902	1,027
Cash flow summary (CNYm)				
Cash flow from operations	1,342	2,007	1,386	1,537
Capex	-204	-234	-257	-282
Cash flow from investment	-989	-234	-257	-282
Dividends	-47	-127	-149	-167
Change in net debt	-26	-1,841	-1,171	-1,270
FCF equity	1,138	1,773	1,129	1,255
Balance sheet summary (CNYm)				
Intangible fixed assets	259	251	244	237
Tangible fixed assets	1,071	1,211	1,358	1,512
Current assets	9,350	11,603	13,139	14,764
Cash & others	2,467	4,308	5,479	6,749
Total assets	16,648	19,034	20,709	22,481
Operating liabilities	6,951	8,606	9,439	10,264
Gross debt	0	0	0	0
Net debt	-2,467	-4,308	-5,479	-6,749
Shareholders' funds	9,593	10,323	11,165	12,113
Invested capital	1,262	152	-177	-500

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	7.0	23.3	16.3	14.1
EBITDA	56.7	180.7	20.0	16.2
Operating profit	2708.0	296.3	20.6	16.4
PBT	86.1	129.6	17.0	12.5
HSBC Qianhai EPS	97.9	113.7	15.5	12.5
Ratios (%)				
Revenue/IC (x)	15.1	14.0	-898.7	-38.9
ROIC	36.4	96.5	-6381.7	-281.1
ROE	3.3	7.6	8.4	8.8
ROA	2.5	4.7	5.0	5.2
EBITDA margin	3.5	8.0	8.2	8.4
Operating profit margin	2.2	6.9	7.2	7.3
EBITDA/net interest (x)				
Net debt/equity	-25.4	-41.3	-48.6	-55.2
Net debt/EBITDA (x)	-8.8	-5.5	-5.8	-6.1
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	0.93	1.99	2.30	2.58
HSBC Qianhai EPS (diluted)	0.93	1.99	2.30	2.58
DPS	0.11	0.29	0.34	0.39
Book value	22.81	23.92	25.87	28.07

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	7.3	5.7	4.8	4.1
EV/EBITDA	207.2	71.5	58.3	49.1
EV/IC	46.2	372.8		
PE*	152.7	71.4	61.9	55.0
PB	6.2	5.9	5.5	5.1
FCF yield (%)	1.9	2.9	1.8	2.0
Dividend yield (%)	0.1	0.2	0.2	0.3

* Based on HSBC Qianhai EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity	11.5
Energy intensity*	21.6
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	55.8
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	6
Average board tenure (years)	n/a
Female board members (%)	16.7
Board members independence (%)	50

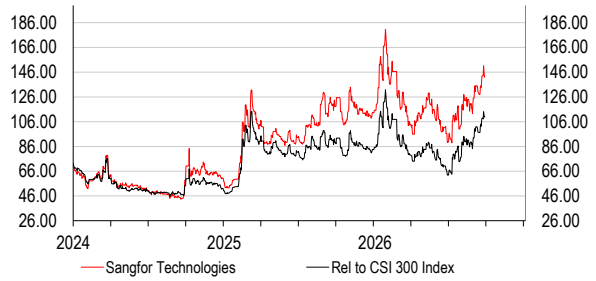
Source: Company data, HSBC Qianhai Securities

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

Issuer information

Share price (CNY)	141.99	Free float	66%
Target price (CNY)	176.00	Sector	Software
RIC (Equity)	300454.SZ	Country/Region	China
Bloomberg (Equity)	300454 CH	Analyst	Yiran Liu
Market cap (USDm)	9,128	Contact	+86 10 5795 2349

Price relative



Source: HSBC Qianhai Securities

Note: Priced at close of 24 Sep 2026

Disclosure appendix

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

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

Rating distribution for long-term investment opportunities

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

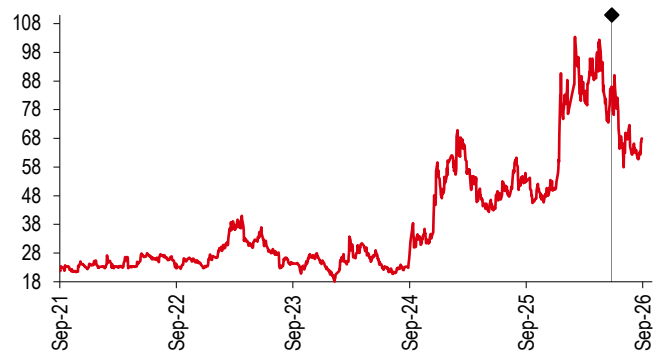
Buy	61%	(13% of these provided with Investment Banking Services in the past 12 months)
Hold	34%	(10% of these provided with Investment Banking Services in the past 12 months)
Sell	5%	(8% of these provided with Investment Banking Services in the past 12 months)

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

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Share price and rating changes for long-term investment opportunities

Range Technology (300442.SZ) share price performance CNY Vs HSBC rating history



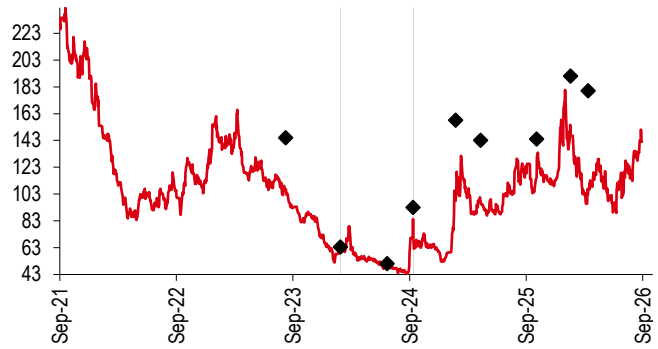
Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Buy	23 Jun 2026	Yiran Liu
Target price	**Value**	**Date**	**Analyst**
Price 1	111.00	23 Jun 2026	Yiran Liu

Source: HSBC

Sangfor Technologies (300454.SZ) share price performance CNY Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Buy	03 Mar 2020	Sijie Ma
Buy	Hold	23 Feb 2024	Yiran Liu
Hold	Buy	08 Oct 2024	Yiran Liu
Target price	**Value**	**Date**	**Analyst**
Price 1	145.00	05 Sep 2023	Yiran Liu
Price 2	63.20	23 Feb 2024	Yiran Liu
Price 3	51.00	19 Jul 2024	Yiran Liu
Price 4	93.00	08 Oct 2024	Yiran Liu
Price 5	158.00	18 Feb 2025	Yiran Liu
Price 6	143.00	08 May 2025	Yiran Liu
Price 7	144.00	30 Oct 2025	Yiran Liu
Price 8	191.00	13 Feb 2026	Yiran Liu
Price 9	180.00	10 Apr 2026	Yiran Liu

Source: HSBC

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HSBC & Analyst disclosures

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Company	Ticker	Recent price	Price date	Disclosure
Range Technology	300442.SZ	68.01	25 Sep 2026	–
SANGFOR TECHNOLOGIES	300454.SZ	141.99	25 Sep 2026	–

Source: HSBC

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1 This report is dated as at 28 September 2026.

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2. In order to see when this report was first disseminated please see the disclosure page available at https://research.hsbcqh.com.cn/R/34/khbt9Bp

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