Pharmaron (300759 CH/3759 HK)

A/H: Buy/Buy: 3Q26: Strong order momentum in CDMO

Equities
Health Care Providers & Srvcs

China

- In line results; we see the impact of FX delaying earnings delivery, not demand recovery
- CDMO conversion, AIDD and new modalities strengthen earnings growth visibility
- Maintain Buy ratings on A/H-shares; lower TPs to RMB50.60/ HKD36.40 (from RMB55.60/ HKD40.00)

In line results; strong demand momentum. Pharmaron's 3Q26 revenue and adj. net profit grew 20.9% and 24.7% y-o-y, respectively, with new orders up more than 30%. We maintain our FY26 revenue growth forecast at the higher end of management's guidance (c20%). We lower our 2026 EPS estimates to reflect RMB appreciation, but raise our 2027-28 estimates due to stronger CDMO margins and utilisation upside. The recent 12%/16% correction since 8 October in the A/H share prices (vs CSI 300/HSI -6%/-4%, respectively over the same period) likely reflects concerns over biotech funding, elevated US rates, and FX pressure, rather than a material deterioration in demand. **Maintain Buy:** we expect a 20% revenue CAGR over 2026-28, driven by late-stage CDMO scale-up, lab-to-CDMO conversion, AIDD demand, and expansion into new modalities.

Strong conversion and pipeline diversification strengthen CDMO earnings visibility. Small-molecule CDMO remains the primary earnings engine: 9M revenue grew over 30%, new orders rose over 40%, and 3Q gross margin expanded 3.9ppt q-o-q to 31.1%, while management targets 35-40% over the near term. Phase III and commercial projects should exceed 25% of CDMO revenue in 2026, with further mix improvement in 2027-28. We expect growth to continue. Over 85% of CDMO revenue comes from customers originating in laboratory services, reinforcing the conversion runway. Beyond small molecules, AIDD customers contribute over 8% of lab revenue, while demand for peptides, , conjugates, and other complex modalities expands the addressable pipeline. Stronger global biotech partnering and licensing activity provides an additional demand tailwind, although funding conditions remain uneven.

Key investor concerns; separate cyclical risks from structural upside. The market's key concerns remain centred on near-term FX and funding risks. First, RMB appreciation and elevated US rates could weigh on reported growth and early-stage biotech demand; we factor FX pressure into our 2026 forecasts while monitoring order momentum and constant-currency margins. Second, large commercial-project deliveries create quarterly volatility, but the rising late-stage mix and strong order growth improve forward visibility. Third, capacity expansion raises near-term cash flow and execution risks: FY26 capex is expected to exceed RMB3bn, with new Shaoxing and Hangzhou facilities mainly contributing from 2028 onwards. New modality CDMO services and AI-enabled discovery capabilities also require further investment before reaching scale.

Maintain Buy on A/H-shares; lower TPs to RMB50.60/HKD36.40 (from RMB55.60/HKD40.00): We still use a DCF model to value the A/H-shares. The key assumptions in our model are all unchanged. We lower our TPs to reflect 2026-28 earnings changes. Our TPs for A/H shares imply c28%/c35% upside from current levels; accordingly, we maintain our Buy ratings on the stocks. See *page 4* for **key downside risks**.

A: MAINTAIN BUY

TARGET PRICE (RMB)	PREVIOUS TARGET (RMB)
50.60	**55.60**

SHARE PRICE (RMB)	UPSIDE/DOWNSIDE
39.60	**+27.8%**

(as of 28 Oct 2026)

H: MAINTAIN BUY

TARGET PRICE (HKD)	PREVIOUS TARGET (HKD)
36.40	**40.00**

SHARE PRICE (HKD)	UPSIDE/DOWNSIDE
26.94	**+35.1%**

(as of 28 Oct 2026)

MARKET DATA

BBG / RIC(A / H)	300759.SZ/3759.HK
Market cap (HKDm / USDm)	78,488/10,005
Free float (A / H)	80%/17%
3m ADTV (USDm) (A / H)	370/29

FINANCIALS AND RATIOS (RMB)

Year to	12/2025a	12/2026e	12/2027e	12/2028e
HSBC QH EPS	**1.02**	**1.17**	**1.49**	**1.83**
HSBC QH EPS prev	**1.02**	**1.19**	**1.46**	**1.79**
Change (%)	**0.0**	**-1.9**	**1.5**	**2.7**
Consensus EPS	**0.99**	**1.09**	**1.44**	**1.89**

Source: LSEG IBES, HSBC Qianhai Securities estimates

Linda Shu*, PhD (Reg. No. S1700522120001)
Head of China Healthcare Research
HSBC Qianhai Securities Limited
linda.y.l.shu@hsbcqh.com.cn
+86 755 88983246

Andre Sun* (Reg. No. S1700526040001)
Analyst, China Healthcare
HSBC Qianhai Securities Limited
andre.h.j.sun@hsbcqh.com.cn
+86 21 50662034

Evie Liu* (Reg. No. S1700119110001)
Associate
Shenzhen

** Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations.*

ure Survey | Click to view

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

View HSBC Qianhai Securities at:
https://www.research.hsbc.com

Financials & valuation

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (RMBm)				
Revenue	14,095	16,873	20,241	24,408
EBITDA	3,415	3,473	4,336	5,238
Depreciation & amortisation	-1,369	-1,190	-1,381	-1,551
Operating profit/EBIT	2,045	2,283	2,954	3,687
Net interest	-156	-211	-232	-255
PBT	1,913	2,220	2,894	3,618
HSBC Qianhai PBT	1,913	2,220	2,894	3,618
Taxation	-358	-444	-579	-724
Net profit	1,664	1,900	2,477	3,097
HSBC Qianhai net profit	1,816	2,146	2,728	3,369
Cash flow summary (RMBm)				
Cash flow from operations	3,221	2,290	3,099	5,574
Capex	-2,669	-2,765	-2,516	-2,516
Cash flow from investment	-4,384	-2,341	-2,273	-2,269
Dividends	-354	-404	-527	-659
Change in net debt	-1,316	-379	-189	-385
FCF equity	623	-318	740	3,216
Balance sheet summary (RMBm)				
Intangible fixed assets	4,783	5,205	5,614	6,008
Tangible fixed assets	11,797	12,791	13,360	13,772
Current assets	7,778	8,922	10,109	11,688
Cash & others	1,017	1,396	1,585	1,970
Total assets	27,094	29,654	31,819	34,205
Operating liabilities	7,099	7,058	7,312	7,330
Gross debt	4,257	4,257	4,257	4,257
Net debt	3,239	2,860	2,671	2,287
Shareholders' funds	15,064	17,790	19,862	22,432
Invested capital	16,242	18,465	20,186	22,169

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	14.8	19.7	20.0	20.6
EBITDA	16.7	1.7	24.8	20.8
Operating profit	24.3	11.6	29.4	24.8
PBT	-8.5	16.0	30.4	25.0
HSBC Qianhai EPS	13.0	14.4	27.1	23.5
Ratios (%)				
Revenue/IC (x)	0.9	1.0	1.0	1.2
ROIC	11.4	10.7	12.5	14.2
ROE	12.7	13.1	14.5	15.9
ROA	6.6	6.9	8.1	9.4
EBITDA margin	24.2	20.6	21.4	21.5
Operating profit margin	14.5	13.5	14.6	15.1
EBITDA/net interest (x)	21.9	16.5	18.7	20.5
Net debt/equity	20.6	15.6	13.2	10.1
Net debt/EBITDA (x)	0.9	0.8	0.6	0.4
CF from operations/net debt	99.4	80.0	116.0	243.8
Per share data (RMB)				
EPS reported (diluted)	0.94	1.03	1.35	1.69
HSBC Qianhai EPS (diluted)	1.02	1.17	1.49	1.83
DPS	0.20	0.22	0.29	0.36
Book value	8.47	9.69	10.81	12.21

Valuation data: 3759 HK

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	4.8	4.0	3.3	2.7
EV/EBITDA	19.7	19.2	15.4	12.6
EV/IC	4.1	3.6	3.3	3.0
PE*	22.4	19.6	15.4	12.5
PB	2.7	2.4	2.1	1.9
FCF yield (%)	0.9	-0.5	1.1	4.8
Dividend yield (%)	0.9	1.0	1.3	1.6

* Based on HSBC Qianhai EPS (diluted)

Valuation data: 300759 CH

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	4.8	4.0	3.3	2.7
EV/EBITDA	19.7	19.2	15.4	12.6
EV/IC	4.1	3.6	3.3	3.0
PE*	38.8	33.9	26.7	21.6
PB	4.7	4.1	3.7	3.2
FCF yield (%)	0.9	-0.5	1.1	1.6
Dividend yield (%)	0.5	0.6	0.7	0.9

* Based on HSBC Qianhai EPS (diluted)

ESG metrics

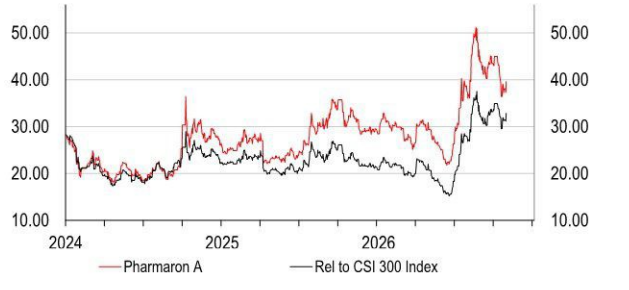
Environmental Indicators	12/2024a
GHG emission intensity*	n/a
Energy intensity*	n/a
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	n/a
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	8
Average board tenure (years)	n/a
Female board members (%)	37.5
Board members independence (%)	37.5

Source: Company data, HSBC Qianhai Securities

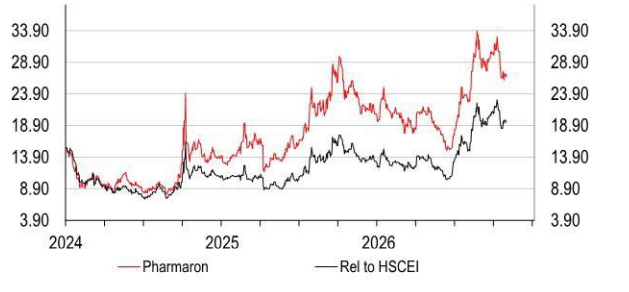
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Price relative: 300759 CH



Source: HSBC Qianhai Securities

Price relative: 3759 HK



Source: HSBC Qianhai Securities
Note: Priced at close of 28 Oct 2026

Estimate changes

We largely maintain our 2026-28e revenue estimates. We lower our 2026 earnings estimates to reflect RMB appreciation, but raise 2027-28 earnings estimates to reflect stronger CDMO margins and higher utilisation.

Exhibit 1. Earnings estimate changes

	2026e			2027e			2028e		
(RMBm)	Old	New	Difference	Old	New	Difference	Old	New	Difference
Revenue	**16,874**	**16,873**	**0%**	**20,270**	**20,241**	**0%**	**24,482**	**24,408**	**0%**
Gross profit	5,714	5,614	-2%	6,926	6,936	0%	8,404	8,486	1%
Selling expense	-367	-367	0%	-441	-440	0%	-532	-531	0%
Admin expense	-2,062	-2,062	0%	-2,477	-2,473	0%	-2,991	-2,982	0%
R&D expense	-657	-657	0%	-789	-788	0%	-954	-951	0%
Operating profit	2,383	2,283	-4%	2,924	2,954	1%	3,574	3,687	3%
Finance expense	-211	-211	0%	-232	-232	0%	-255	-255	0%
Tax	-464	-444	-4%	-573	-579	1%	-701	-724	3%
Net profit	**1,986**	**1,900**	**-4%**	**2,451**	**2,477**	**1%**	**3,000**	**3,097**	**3%**
Gross margin	34.2%	34.3%	10ppts	34.3%	34.8%	44ppts	34.3%	34.8%	44ppts
Selling expense as % of revenue	2.2%	2.2%	0ppts	2.2%	2.2%	0ppts	2.2%	2.2%	0ppts
Admin expense as % of revenue	12.2%	12.2%	0ppts	12.2%	12.2%	0ppts	12.2%	12.2%	0ppts
R&D expense as % of revenue	3.9%	3.9%	0ppts	3.9%	3.9%	0ppts	3.9%	3.9%	0ppts
Operating margin	14.4%	14.6%	17ppts	14.6%	15.1%	51ppts	14.6%	15.1%	51ppts
Net margin	**12.1%**	**12.2%**	**14ppts**	**12.3%**	**12.7%**	**43ppts**	**12.3%**	**12.7%**	**43ppts**

Source: Wind, HSBC Qianhai Securities estimates

Our revenue estimates are slightly above market consensus expectations, as we are more optimistic about Pharmaron, supported by robust orders and continued revenue conversion from the small-molecule CDMO pipeline. Our 2026-27 net profit is slightly below market expectations, as we are more conservative about margin expansion in the lab services and clinical segments.

Exhibit 2. Earnings estimates vs market consensus

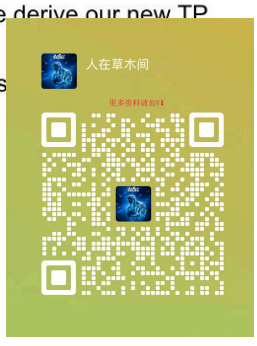
(RMBm)	2026e	2027e	2028e
HSBC estimated revenue	16,873	20,241	24,408
VA consensus	16,670	20,194	23,419
Difference	1%	0%	4%
HSBC estimated net profit (adjusted)	2,146	2,728	3,369
VA consensus	2,230	2,761	3,307
Difference	-4%	-1%	2%

Source: VisibleAlpha, HSBC Qianhai Securities estimates

Valuation

For Pharmaron A-shares

We continue to use a DCF model to value the A-shares. Key assumptions in our valuation model include a WACC of 8.7% (based on a risk-free rate of 4.25%, a China A-share market risk premium of 4.75%, and a two-year weekly beta coefficient of 1.26) and a terminal growth rate of 3.0% (all unchanged). Factoring in our latest earnings estimates, we derive our new TP of RMB50.60 (previously RMB55.60) for the A-shares, which implies c28% levels. We maintain our Buy rating on Pharmaron A-shares because of its s visibility from its CDMO pipeline and a stronger medium-term product mix.



For Pharmaron H-shares

We apply an H/A FX-adjusted share discount of 0.72x (unchanged; based on an updated 5-year average) and assume our FX team's end-2026e RMB/HKD rate of 1.18 (previously 1.17) to derive our new H-share TP of HKD36.40 (previously HKD40.00). With c35% upside from current levels, we maintain our Buy rating on Pharmaron H-shares.

Exhibit 3. Pharmaron A/H: Discounted cash flow valuation

(RMBm)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Revenue	11,538	12,276	14,095	16,873	20,241	24,408	29,433	35,493	42,801	51,613	62,239
Growth	12%	6%	15%	20%	20%	21%	21%	21%	21%	21%	21%
EBIT	1,690	1,646	2,045	2,283	2,954	3,687	4,593	5,539	6,679	8,054	9,713
Growth	1%	-3%	24%	12%	29%	25%	25%	21%	21%	21%	21%
FCF	(113)	483	460	(542)	497	823	3,242	4,392	5,280	6,347	7,631

Perpetual growth rate	3.0%	Discounted free cash flow	17,856
WACC	8.7%	Discounted terminal value	76,737
Cost of debt after tax	3.95%	Enterprise value	94,593
COE	10.22%	Net cash (debt)	(1,641)
Risk-free rate	4.25%	Equity value	92,952
Market risk premium	4.75%	**Value/share (RMB)**	**50.60**
Beta	1.26	H/A discount	0.72
		Value/share (HKD)	**36.40**

Source: Company reports, HSBC Qianhai Securities estimates

Pharmaron's A- and H-share prices have de-rated by 12% and 16%, respectively, since 8 October (vs CSI 300/HSI -6%/-4%, respectively over the same period). After the recent share-price correction, Pharmaron's A- and H-shares are trading at 27x and 15x 2027e PE, respectively. With expected adjusted net profit growth of more than 20% and an average 2027e ROE of 14.5%, we believe both valuations are attractive.

Potential share price catalysts:

- Recovery in global healthcare financing and interest rate cuts, driving growth in the order backlog.
- China policy tailwinds to support the development of innovative drugs.
- Capacity ramp-up in new facilities, including its large molecule segment.
- Progress in AI implementation and other technological breakthroughs.
- Progress in overseas expansion and M&A announcements.

Key downside risks:

- Worsening geopolitical tensions and global supply chain relocation.
- Margin pressure from intense competition.
- Failure to meet regulatory standards, more stringent compliance, and regulatory delays.
- Failure of project delivery and loss of significant clients.
- FX headwinds.

Disclosure appendix

Analyst Certification

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

Important disclosures

Equities: Stock ratings and basis for financial analysis

HSBC and its affiliates, including the issuer of this report ("HSBC") believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations and that investors utilise various disciplines and investment horizons when making investment decisions. Ratings should not be used or relied on in isolation as investment advice. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations and therefore investors should carefully read the definitions of the ratings used in each research report. Further, investors should carefully read the entire research report and not infer its contents from the rating because research reports contain more complete information concerning the analysts' views and the basis for the rating.

HSBC assigns ratings on the following basis:

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

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

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

Rating distribution for long-term investment opportunities

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

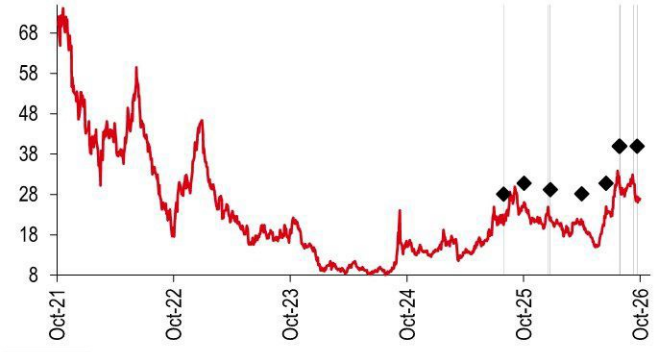
Buy	60%	(12% of these provided with Investment Banking Services in the past 12 months)
Hold	35%	(12% of these provided with Investment Banking Services in the past 12 months)
Sell	4%	(10% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions please see "Stock ratings and basis for financial analysis" above.

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

Share price and rating changes for long-term investment opportunities

Pharmaron (3759.HK) share price performance HKD Vs HSBC rating history



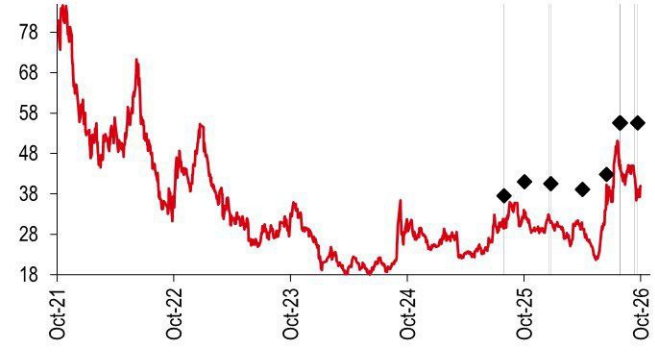
Source: HSBC

Rating & target price history

From	To	Date	Analyst
Buy	Buy	28 Aug 2025	Linda Shu, PhD
Restricted	Restricted	14 Jan 2026	
Buy	Buy	21 Jan 2026	Linda Shu, PhD
Restricted	Restricted	26 Aug 2026	
Buy	Buy	27 Aug 2026	Linda Shu, PhD
Restricted	Restricted	09 Oct 2026	
Buy	Buy	20 Oct 2026	Linda Shu, PhD
Target price	**Value**	**Date**	**Analyst**
Price 1	28.10	28 Aug 2025	Linda Shu, PhD
Price 2	30.80	31 Oct 2025	Linda Shu, PhD
Price 3	Restricted	14 Jan 2026	
Price 4	29.20	21 Jan 2026	Linda Shu, PhD
Price 5	28.20	30 Apr 2026	Linda Shu, PhD
Price 6	30.80	15 Jul 2026	Linda Shu, PhD
Price 7	40.00	25 Aug 2026	Linda Shu, PhD
Price 8	Restricted	26 Aug 2026	
Price 9	40.00	27 Aug 2026	Linda Shu, PhD
Price 10	Restricted	09 Oct 2026	
Price 11	40.00	20 Oct 2026	Linda Shu, PhD

Source: HSBC

Pharmaron A (300759.SZ) share price performance CNY Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Buy	Buy	28 Aug 2025	Linda Shu, PhD
Restricted	Restricted	14 Jan 2026	
Buy	Buy	21 Jan 2026	Linda Shu, PhD
Restricted	Restricted	26 Aug 2026	
Buy	Buy	27 Aug 2026	Linda Shu, PhD
Restricted	Restricted	09 Oct 2026	
Buy	Buy	20 Oct 2026	Linda Shu, PhD
Target price	**Value**	**Date**	**Analyst**
Price 1	37.50	28 Aug 2025	Linda Shu, PhD
Price 2	41.00	31 Oct 2025	Linda Shu, PhD
Price 3	Restricted	14 Jan 2026	
Price 4	40.50	21 Jan 2026	Linda Shu, PhD
Price 5	39.10	30 Apr 2026	Linda Shu, PhD
Price 6	42.80	15 Jul 2026	Linda Shu, PhD
Price 7	55.60	25 Aug 2026	Linda Shu, PhD
Price 8	Restricted	26 Aug 2026	
Price 9	55.60	27 Aug 2026	Linda Shu, PhD
Price 10	Restricted	09 Oct 2026	
Price 11	55.60	20 Oct 2026	Linda Shu, PhD

Source: HSBC

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

Clients of HSBC Private Bank: *www.research.privatebank.hsbc.com/Disclosures*

All other clients: *www.research.hsbc.com/A/Disclosures*

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
PHARMARON	3759.HK	26.92	29 Oct 2026	1, 4, 5, 6, 7
PHARMARON A	300759.SZ	40.00	29 Oct 2026	1, 4, 5, 6, 7

Source: HSBC

1 HSBC has managed or co-managed a public offering of securities for this company within the past 12 months.

2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.

4 As of 30 September 2026, HSBC beneficially owned 1% or more of a class of common equity securities of this company.

5 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.

6 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking securities-related services.

7 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.

8 A covering analyst/s has received compensation from this company in the past 12 months.

9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.

10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.

11 At the time of publication of this report, HSBC is a non-US Market Maker in securities issued by this company and/or in securities in respect of this company.

12 As of 23 October 2026, HSBC beneficially held a net long position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

13 As of 23 October 2026, HSBC beneficially held a net short position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

14 HSBC Qianhai Securities Limited holds 1% or more of a class of common equity securities of this company.

HSBC and its affiliates will from time to time sell to and buy from customers the securities/instruments, both equity and debt (including derivatives) of companies covered in HSBC Research on a principal or agency basis or act as a market maker or liquidity provider in the securities/instruments mentioned in this report.

Analysts, economists, and strategists are paid in part by reference to the profitability of HSBC which includes investment banking, sales & trading, and principal trading revenues.

Whether, or in what time frame, an update of this analysis will be published is not determined in advance.

Non-U.S. analysts may not be associated persons of HSBC Securities (USA) Inc, and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts.

Economic sanctions laws imposed by certain jurisdictions such as the US, the EU, the UK, and others, may prohibit persons subject to those laws from making certain types of investments, including by transacting or dealing in securities of particular issuers, sectors, or regions. This report does not constitute advice in relation to any such laws and should not be construed as an inducement to transact in securities in breach of such laws.

For disclosures in respect of any company mentioned in this report, please see the most recently published report on that company available at *www.hsbcnet.com/research*. HSBC Private Bank clients should contact their Relationship Manager for queries regarding other research reports. In order to find out more about the proprietary models used to produce this report, please contact the authoring analyst.

HSBC may use Artificial Intelligence (AI) tools approved for adoption within HSBC in the development of its research reports, utilizing these technologies to analyse large volumes of data, enhance efficiency and improve the overall user experience. This includes but is not limited to paraphrasing, developing suitable captions and supporting data visualisation. It is important to note that while AI tools assist in various aspects of report creation, all investment recommendations and opinions presented herein are formulated and approved exclusively by our research analysts. The final content of the report reflects the professional judgement and expertise of our research analysts, ensuring compliance with regulatory standards and maintaining the integrity of our research process.

Additional disclosures

1 This report is dated as at 30 October 2026.

2 All market data included in this report are dated as at close 28 October 2026, unless a different date and/or a specific time of day is indicated in the report.

3 HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Information Barrier procedures are in place between the Investment Banking, Principal Trading, and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.

4 You are not permitted to use, for reference, any data in this document for the purpose of (i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments, (ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument, and/or (iii) measuring the performance of a financial instrument or of an investment fund.

5 This report may be a translation of a report authored in another language. If so, and if there is any discrepancy between versions, the original-language version shall prevail.

6 As of 23 October 2026 HSBC owned a significant interest in the debt securities of the following company(ies): PHARMARON, PHARMARON A

Production & distribution disclosures

1. This report was produced and signed off by the author on 30 Oct 2026 05:04 GMT.

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/WrwMRcg

Disclaimer

Legal entities as at 13 May 2026:

HSBC Bank plc; HSBC Continental Europe; HSBC Continental Europe SA, Germany; HSBC Bank Middle East Limited, DIFC; HSBC Bank Middle East Limited, Dubai branch; HSBC Yatirim Menkul Degerler AS, Istanbul; The Hongkong and Shanghai Banking Corporation Limited, Hong Kong; The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch; HSBC Qianhai Securities Limited; HSBC Securities (Taiwan) Corporation Limited; HSBC Securities and Capital Markets (India) Private Limited, Mumbai; HSBC Bank Australia Limited; HSBC Securities (USA) Inc., New York; HSBC México, SA, Institución de Banca Múltiple, Grupo Financiero HSBC; Banco HSBC SA

Issuer of report

HSBC Qianhai Securities Limited

Unit 2201, 22/F, Qianhai Chow Tai Fook Finance Tower (Phase I), No. 66 Shu Niu Avenue, Nanshan Subdistrict, the Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, the PRC

Phone number: +86 755 8898 3288

Website: www.hsbcqh.com.cn

In mainland China, this document is issued and approved by HSBC Qianhai Securities Limited for the information of its clients only; it is not intended for and should not be distributed to retail customers in mainland China. HSBC Qianhai Securities Limited is regulated by the China Securities Regulatory Commission ("CSRC") and is qualified to engage in Securities Investment Advisory Business in mainland China [1B]. All inquiries by recipients must be directed to the HSBC Qianhai Securities Limited contact in mainland China. If it is received by a customer of an affiliate of HSBC Qianhai Securities Limited, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. This document is being supplied to you solely for your information and may not be redistributed or passed on, directly or indirectly, to any other person, in whole or in part, for any purpose. This document is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment. HSBC Qianhai Securities Limited has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; HSBC Qianhai Securities Limited makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The decision and responsibility on whether or not to purchase, subscribe or sell (as applicable) must be taken by the investor. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. Any form of written or verbal commitment on the sharing of gains or losses from the securities investment between the investors and the HSBC Qianhai Securities Limited arising from the research services provided are not permitted and shall be invalid. Expressions of opinion are those of the Research Division of HSBC Qianhai Securities Limited only and are subject to change without notice. From time to time research analysts conduct site visits of covered issuers. HSBC Qianhai Securities Limited and its affiliates and/or their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment) to the extent permitted by law. HSBC policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits. HSBC Qianhai Securities Limited and its affiliates may act as market maker or have assumed an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies and may also be represented on the supervisory board or any other committee of those companies. This document may contain hyperlinks to external websites for convenience of its recipients. HSBC Qianhai Securities Limited are not responsible for any content therein.

The Hongkong and Shanghai Banking Corporation Limited owns 90% and Qianhai Financial Holdings Co., Ltd. ("QFH") owns 10% of shares in HSBC Qianhai Securities Limited, which prepared and/or contributed to this research report. HSBC Qianhai Securities Limited has established policies and procedures reasonably designed to prevent QFH from exercising direct or indirect influence over the content of HSBC Qianhai Securities Limited research reports and the choice of companies that will be the subject of research reports. Furthermore, HSBC Qianhai Securities Limited has established additional policies and procedures reasonably designed to prevent any person or entity, whether from within HSBC Qianhai Securities Limited, QFH or otherwise, from influencing the activities of the HSBC Qianhai Securities Limited's research analysts or the content of research reports.

In Hong Kong, this document has been distributed by The Hongkong and Shanghai Banking Corporation Limited in the conduct of its Hong Kong regulated business for the information of its institutional and professional customers; it is not intended for and should not be distributed to retail customers in Hong Kong, unless permitted otherwise. The Hongkong and Shanghai Banking Corporation Limited makes no representations that the products or services mentioned in this document are available to persons in Hong Kong. Any enquiries with respect to any matters arising from, or in connection with, this research report should be directed to the recipient's contact person at The Hongkong and Shanghai Banking Corporation Limited. The analyst(s) named in this research report who is(are) not employed by and/or accredited to The Hongkong and Shanghai Banking Corporation Limited is(are) not licensed to carry on any regulated activities in Hong Kong under the SFO. The analyst(s) is(are) only named in this research report as being a source of the information contained herein and does(do) not purport to carry on any regulated activities in Hong Kong under the SFO or hold himself/herself(themselves) out as being able to do so. The document is intended to be distributed in its entirety. Unless governing law permits otherwise, you must contact a HSBC Group member in your home jurisdiction if you wish to use HSBC Group services in effecting a transaction in any investment mentioned in this document.

In the UK, this publication is distributed by HSBC Bank plc for the information of its Clients (as defined in the Rules of FCA) and those of its affiliates only. Nothing herein excludes or restricts any duty or liability to a customer which HSBC Bank plc has under the Financial Services and Markets Act 2000 or under the Rules of FCA and PRA. A recipient who chooses to deal with any person who is not a representative of HSBC Bank plc in the UK will not enjoy the protections afforded by the UK regulatory regime. HSBC Bank plc is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

In the European Economic Area, this publication has been distributed by HSBC Continental Europe or by such other HSBC affiliate from which the recipient receives relevant services.

In Japan, this publication has been distributed by HSBC Securities (Japan) Co., Ltd.. It may not be further distributed in whole or in part for any purpose. In Korea, this publication is distributed by either The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch ("HBAP SLS") or The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch ("HBAP SEL") for the general information of professional investors specified in Article 9 of the Financial Investment Services and Capital Markets Act ("FSCMA"). This publication is not a prospectus as defined in the FSCMA. It may not be further distributed in whole or in part for any purpose. Both HBAP SLS and HBAP SEL are regulated by the Financial Services Commission and the Financial Supervisory Service of Korea. In Singapore, this publication is distributed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch for the general information of institutional investors or other persons specified in Sections 274 and 304 of the Securities and Futures Act 2001 of Singapore ("SFA") and accredited investors and other persons in accordance with the conditions specified in Sections 275 and 305 of the SFA. Only Economics or Currencies reports are intended for distribution to a person who is not an Accredited Investor, Expert Investor or Institutional Investor as defined in SFA. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch accepts legal responsibility for the contents of reports. This publication is not a prospectus as defined in the SFA. It may not be further distributed in whole or in part for any purpose. The Hongkong and Shanghai Banking Corporation Limited Singapore Branch is regulated by the Monetary Authority of Singapore. Recipients in Singapore should contact a "Hongkong and Shanghai Banking Corporation Limited, Singapore Branch" representative in respect of any matters arising from, or in connection with this report. Please refer to The Hongkong and Shanghai Banking Corporation Limited Singapore Branch's website at www.business.hsbc.com.sg for contact details. In Australia, this publication has been distributed by The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970, AFSL 301737) for the general information of its "wholesale" customers (as defined in the Corporations Act 2001). Where distributed to retail customers, this research is distributed by HSBC Bank Australia Limited (ABN 48 006 434 162, AFSL No. 232595). These respective entities make no representations that the products or services mentioned in this document are available to persons in Australia or are necessarily suitable for any particular person or appropriate in accordance with local law. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient.

HSBC Securities (USA) Inc., a US-registered broker-dealer and member of FINRA, accepts responsibility for the content of this research report prepared by its non-US foreign affiliate. The information contained herein is under no circumstances to be construed as investment advice and is not tailored to the needs of the recipient. All US persons receiving and/or accessing this report and wishing to effect transactions in any security discussed herein should do so with HSBC Securities (USA) Inc. in the United States and not with its non-US foreign affiliate, the issuer of this report. HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC is authorized and regulated by Secretaría de Hacienda y Crédito Público and Comisión Nacional Bancaria y de Valores (CNBV). In Brazil, this document has been distributed by Banco HSBC SA ("HSBC Brazil"), and/or its affiliates. As required by Resolution No. 20/2021 of the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários), potential conflicts of interest concerning (i) HSBC Brazil and/or its affiliates; and (ii) the analyst(s) responsible for authoring this report are stated on the chart above labelled "HSBC & Analyst Disclosures".

If you are a customer of HSBC International Wealth & Premier Banking ("IWPB"), including HSBC Private Bank, you are eligible to receive this publication only if: (i) you have been approved to receive relevant research publications by an applicable HSBC legal entity; (ii) you have agreed to the applicable HSBC entity's terms and conditions and/or customer declaration for accessing research; and (iii) you have agreed to the terms and conditions of any other internet banking, online banking, mobile banking and/or investment services offered by that HSBC entity, through which you will access research publications (collectively with (ii), the "Terms"). If you do not meet the above eligibility requirements, please disregard this publication and, if you are a IWPB customer, please notify your Relationship Manager or call the relevant customer hotline. Distribution of this publication is the sole responsibility of the HSBC entity with whom you have agreed the Terms. Receipt of research publications is strictly subject to the Terms and any other conditions or disclaimers applicable to the provision of the publications that may be advised by IWPB.

Should you wish to use AI technology to help you analyse, summarise or evaluate this publication and/or any other research materials provided to you by HSBC, you shall seek prior written consent from HSBC Qianhai Securities Limited for any such use. Without obtaining a prior written consent from HSBC Qianhai Securities Limited, you shall not upload this publication and/or any other research materials produced by HSBC to an AI system or otherwise use AI technology in connection with the research services HSBC provides to you. For the purposes of this disclaimer, AI technology refers to any technology that uses computational, statistical, machine-learning, or other artificial intelligence techniques to infer or learn from data to find patterns, take actions, make decisions, or generate output.

© Copyright 2026, HSBC Qianhai Securities Limited, ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Qianhai Securities Limited.

[1292862]