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Report Review of October. 2025

Hong Kong | INVESTNOTES REPORTS REVIEW

Sectors:

Air & Automobiles (Zhang Jing),
Utilities, Commodity, Shipping (Margaret Li)
TMT, Semiconductors (Megan Tao)

Automobile & Air (Zhang Jing)

This month I released 3 updated reports of Minth (425.HK), Fuyao (3606.HK), and FeilongAuto (002536.CH). Among which, we prefer Minth and Fuyao.

Minth Group recorded revenue of RMB12.287 billion (RMB, the same below) in H1 2025, up 10.8% yoy; net profit attributable to the parent company reached RMB1.277 billion, equivalent to an increase of 19.5% yoy. The main drivers behind the profit growth include: 1) continued ramp-up of orders for NEV components such as battery boxes, leading to higher capacity utilisation; 2) incremental earnings contribution from capacity ramp-up at overseas production bases; 3) decline in unit transportation costs and favourable exchange rates. Meanwhile, the Company continued to advance its localisation strategy and implement effective cost control measures, resulting in lower expense ratios.

By region, domestic revenue was RMB4.31 billion, down 4.9% yoy, mainly due to the decline in market share of joint venture brands in China. International business remained strong, with revenue up 21.6% yoy to RMB7.98 billion, primarily driven by rapid growth in battery box and structural component businesses in the European market, as well as stable contributions from traditional exterior parts in international markets. The proportion of international business in total revenue rose by 5.2 pts from 59.7% at the end of 2024 to 64.9%. The localisation strategy in North America, Europe and other regions has effectively reduced tariffs and geopolitical risks, while enhancing competitiveness in local markets.

In H1, the Company's revenue from plastic parts, metal and trims, battery boxes, and aluminium parts reached RMB2.87/2.66/3.58/2.47 billion respectively, up 0.9%/4.7%/49.8%/4.1% yoy. Their respective shares of total revenue changed by -2.3/-1.3/+7.6/-1.3 pts yoy, to 23.3%/21.6%/29.2%/20.1%.

During the review period, the Company achieved breakthroughs in its battery box and body chassis structure businesses, with a more balanced customer mix: it broke into the structural component business for Toyota Europe, and secured chassis structure orders from multiple Chinese clients such as Great Wall and Geely; entered the battery box business of Chery for the first time and secured repeat orders from BYD; made its first breakthrough in battery box structural parts for General Motors; and continued to expand its battery box business with Stellantis and Volkswagen. In the area of smart interior and exterior parts, the Company achieved breakthroughs in bumper assembly business with Ford North America and Renault, while continuing to secure orders from clients such as Toyota, Hyundai-Kia, Changan, and General Motors.

Operating cash flow rose by RMB 510 million yoy to RMB2.24 billion in H1 2025, reflecting sound cash flow conditions, which provide a solid basis for dividend payments and share buybacks. Capital expenditure stood at RMB902 million, down 17.5% yoy, as the Company has passed its peak investment phase and will focus on equipment upgrades and flexible transformation going forward. In H2, as several new overseas production lines continue to ramp up, overall gross margin is expected to see a slight improvement hoh.

The Company is actively exploring new business segments and has made forward-looking deployments in areas such as eVTOL (electric vertical take-off and landing aircraft), wireless charging for electric vehicles, and bionic robots—including core components such as electronic skin, smart masks, integrated joints, bodies, and rotors. During the period, the Company partnered with leading enterprises including EHang and Zhiyuan Robotics. Some products have completed small-batch sample deliveries to multiple customers, and some have already secured mass production orders, with revenue contribution expected to begin in 2026/2027. With the rapid development of robotaxis and autonomous driving, the wireless charging industry is projected to experience explosive growth in 2026. At the same time, leveraging its battery box technology, the Company is also focusing on the development and implementation of AI liquid-cooling system-related products, aiming to capture opportunities in the rapidly growing artificial intelligence market.

The company maintains stable overall operations, with continuous improvement in profitability, demonstrating strong risk resilience and growth adaptability. Meanwhile, the cultivation of new business areas and the expansion of new ventures are expected to foster a second growth curve, driving the company's sustainable development in the medium to long term. We slightly revised the expected EPS for 2025/2026/2027 to 2.35/2.77/3.25 (from 2.43/2.89/3.30) yuan for the under expected GM. We believe that it is reasonable to give the Company a valuation of 12.7/10.6/9.0 x P/E and 1.5/1.4/1.2x P/B for 2025/2026/2027, equivalent to target price of HK\$ 32.6.

In 2025M9, Fuyao Glass reported a revenue of RMB33.302 billion, a YoY increase of 17.62%. Net profit attributable to the parent company reached RMB7.064 billion, up 28.93% YoY, setting a new historical high. In the third quarter alone, revenue amounted to RMB11.855 billion, a YoY increase of 18.86%, while net profit attributable to the parent company reached RMB2.259 billion, up 14.09% YoY.

Since the beginning of the year, the automotive market has continued to recover. In the first three quarters of 2025, the Chinese automotive market sold 24,363 thousand vehicles, a YoY increase of 12.9%. The new car sales of light vehicles in the United States increased slightly by 4.4%. The company's revenue growth continues to outperform the industry, mainly benefiting from the increased penetration of high-value-added products and further market share expansion.

During this period, innovative products such as intelligent sunroof glass, adjustable light glass, and HUD-integrated glass continued to ramp up, driving the steady increase in per vehicle glass value. In the first three quarters, the Company's average selling price (ASP) of automotive glass per square meter rose by approximately 6.9% YoY. The share of high-value-added products also increased by 4.9 percentage points. With the continuous advancement of automotive intelligence, autonomous driving levels, and the application and development of various new technologies and scenarios, as well as an increase in user experience-driven consumption, the trend towards high-end automotive glass is expected to continue. There is still room for further improvement in the proportion of high-value-added products in the Company's product mix.

Gross margin recorded a YoY increase of 0.99 percentage points. The net profit margin attributable to the parent company was 21.2%, a YoY increase of 1.86 percentage points. The main drivers of the performance were the operating leverage effect from improved capacity utilization, a YoY decrease in expense ratios, increased foreign exchange gains, and a narrowing of investment losses. In the first three quarters, the company's selling expense ratio was 2.84%, down 1.36 percentage points YoY; the administration expense ratio was 7.29%, down 0.07 percentage points YoY; and R&D expenditure amounted to RMB1.39 billion, accounting for 4.18% of revenue, a YoY decrease of 0.11 percentage points.

The Company is accelerating the release of production capacity at its production bases in Fuqing, Hefei, and Illinois, USA. Domestically, the smart manufacturing bases in Fuqing and Anhui are under rapid construction, with production expected to begin before the end of 2025. The new capacity will support the further expansion of global market share. In terms of overseas business, Fuyao's U.S. subsidiary achieved a net profit of RMB433 million in the first half of 2025, up 11.8% YoY. As local production capacity utilization

gradually increases, the advantages of the localized production, sales, and R&D system will become more evident. It is expected that the net profit margin in the North American market will stabilize above 11.2%, with a target of reaching 15%.

With the global trend of automotive electrification and intelligentization, Fuyao Glass's growth momentum is clearly visible. In the medium to long term, we expect the proportion of high-value-added products in automotive glass to continue to increase. The Company is also continuously expanding its product boundaries, opening up space for long-term sustainable growth.

In addition, the subsequent loss reduction of SAM and the improvement in the efficiency of the US factory are expected to bring more potential profit flexibility. As a global leader in the automotive glass industry, the Company is expected to continue benefiting from its competitive advantages and maintain a high dividend payout ratio.

We forecast its EPS to be RMB 3.64/4.30/4.90 in 2025/2026/2027. We give the "Accumulate" rating, with a revised target price to be HK\$79.8, equivalent to 20/17/14.9x P/E for 2025/2026/2027.

Utilities, Commodity, Shipping (Margaret Li)

This month I released 1 update report of Laopu Gold (6181.HK).

Recently, gold prices have continued to climb, with COMEX gold once breaking through \$4,000 per ounce. Gold has become the preferred safe-haven asset, and central banks are consistently increasing their gold reserves. The latest data from the People's Bank of China shows that in September 2025, China increased its gold reserves by 1.24 tons. As of the end of September 2025, China's gold reserves stood at 2,303.52 tons. Last week, the escalation of Sino-U.S. economic and trade conflicts further boosted gold prices due to safe-haven demand. In the long term, we believe the drivers for gold price appreciation persist, and gold prices are expected to continue strengthening. Data from the China Gold Association shows that in the first half of 2025, national gold consumption was 505.21 tons with a year-on-year decrease of 3.54%. Among above, gold jewelry consumption was 199.83 tons, down 26% year-on-year. Although high gold prices have suppressed gold jewelry consumption, lightweight, design-intensive, and high value-added jewelry products remain popular. These products have allowed merchants to maintain favorable profit margins. According to data from Frost & Sullivan, the market size is projected to reach approximately RMB 421.4 billion by 2028, with a compound annual growth rate of 21.8%, indicating significant growth potential for the ancient-style gold market.

Laopu Gold is a leading enterprise in the ancient-method gold segment. According to survey data from Frost & Sullivan, the average overlap rate between Laopu Gold consumers and those of five international luxury brands---Louis Vuitton, Hermès, Cartier, and Bulgari---reaches as high as 77.3%, reaffirming its premium brand positioning. Recently, Laopu Gold opened a new store at Hong Kong's IFC Mall in Central, which was crowded with customers inside and saw long queues outside. This indirectly reflects the high level of attention its products are receiving overseas. We believe that the gradual increase in the number of overseas stores in the future will contribute additional growth to the company's revenue. We forecast the company's operating revenue for 2025-2027 to be RMB 26.324 billion, RMB 33.793 billion, and RMB 40.045 billion respectively. EPS is projected to be RMB 29.61, RMB 38.14, and RMB 45.36, corresponding to a P/E ratio of 23.5x, 18.2x, and 15.3x. Based on a 2026 expected P/E of 20x, we have raised the target price to HKD 829.13 and maintain an "Accumulate" rating.

TMT, Semiconductors (Megan Tao)

In this month, I published two research reports on Trip.com Group (9961.HK) and SMIC (0981.HK).

In the second quarter of 2025, Trip achieved total revenue of RMB 149 billion, a year-on-year increase of 16.2%, primarily driven by strong travel demand. In terms of profitability, net profit reached RMB 49 billion, up 25.5% year-on-year, with a corresponding net profit margin of 32.9%, an increase of 2 percentage points compared to the same period last year.

We forecast the company's operating revenue for 2025-2027 to be RMB 61.8/68.5/78.5 billion, with net profit attributable to shareholders of RMB 18.0/20.4/23.0 billion. The corresponding diluted EPS is projected to be RMB 25/29/32, and the current stock price implies a P/E ratio of 21.6x/19.1x/16.9x. We have selected domestic and international OTA companies—Booking, Expedia, Airbnb, and Tongcheng Travel—as comparable firms. Applying a 22x P/E multiple based on the 2025 forecast, we have accordingly raised our target price to HKD 610 and maintain a "Neutral" rating.

In the first half of 2025, SMIC achieved revenue of \$4.5 billion (USD, same below), a year-on-year increase of 22.0%. The gross profit margin was 21.4%, up 7.6 percentage points year-on-year. Profit before tax was \$510 million, a year-on-year increase of 95.0%. Net profit attributable to the parent company was \$320 million, a year-on-year increase of 35.6%.

Based on SMIC's recent slower capacity expansion pace and management's more conservative outlook for 2H25E and 3Q25E revenue, we adjust the company's 2025-2027 revenue forecasts to \$9.2 billion / \$10.4 billion / \$12.0 billion, respectively. We forecast net profit attributable to the parent company to be \$687 million / \$888 million / \$1.133 billion for 2025/2026/2027, corresponding to EPS of \$0.09 / \$0.11 / \$0.14. Overall, as a leading player in the foundry segment, we believe the company's reasonable valuation is slightly above one standard deviation of its historical average NTM P/B ratio, at 1.8x 2025 forecasted P/B. This corresponds to a target price of HKD 87 per share. We adjust our rating to 'Accumulate'.

Fig 1. Performance of Recommended Stocks

Time	Ticker	Company	Analyst	Rating	Price on Recommend ation Date	Target Price	Expecte d Return	Last Month Closing Price	Last Month Return	Closing Price 2M ago	1M Price Chg
20251021	425 HK	Minth	ZJ	Accumulate	29.48	32.6	10.58%	34.44	16.82%	33.82	1.83%
20251028	3606 HK	Fuyao	ZJ	Accumulate	70.05	79.8	13.92%	69.35	-1.00%	77.294	-10.28%
20251031	002536 CH	Feilong Auto	ZJ	Neutral	22.4	23.2	3.57%	22.47	0.31%	24.37	-7.80%
20251017	6181.HK	Laopu Gold	ML	Accumulate	756.5	829.13	9.60%	684.5	-9.52%	712	-3.86%
20251002	9961.HK	Trip.com Group	MT	Neutral	598	610	2.01%	543.5	-9.11%	596	-8.81%
20251020	0981.HK	SMIC	MT	Accumulate	73.9	87	17.73%	75	1.49%	79.55	-5.72%

A stock is calculated by RMB yuan.

Source: Phillip Securities Research

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm$ 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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