

# Report Review of Jan 2026

Hong Kong | INVESTNOTES REPORTS REVIEW

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Sectors:

Automobile & Air (Zhang Jing)

Utilities, Commodity, Consumer Discretionary (Margaret Li)

## Automobile & Air (Zhang Jing)

This month I released 3 initiation reports of Desay SV (002920.CH), Yinlun (002126.CH), and JNMPT (000700.CH), which got success by their unique Competitive edge. Among them, we recommend FLAT Desay SV and JNMPT first.

Looking back at the Chinese automotive market in 2025, the industry maintained high momentum, with both domestic and export sales reaching record highs. Annual auto sales reached 34.4 million units, marking a 9.4% yoy increase. Domestic sales grew by 6.7% yoy to 27.302 million units. Among these, new energy vehicles performed exceptionally well, with sales rising 28.2% to 16.49 million units, and their penetration rate increasing by 7.0 percentage points to 47.9%. The penetration rate of new energy passenger vehicles domestically reached 54.0% (up 8.7 percentage points yoy), while that of commercial vehicles stood at 38.3% (up 10.4 percentage points yoy). On the export front, auto exports totaled 7.098 million units (up 12.1% yoy), surpassing 7 million units for the first time. New energy vehicles accounted for 36.8% of exports (up 14.9 percentage points yoy), becoming the core driver of export growth.

On the policy front, the extension of the trade-in policy and the optimization of the tax exemption for new energy vehicles (extended until the end of 2027 with increased caps) effectively stimulated domestic demand. The competitive landscape of the industry accelerated consolidation, with the market share of domestic passenger vehicle brands rising to 69.5%. Leading automakers such as BYD, Geely, and Chery leveraged their technological advantages and global expansion to dominate the market.

Looking ahead to 2026, we anticipate the automotive industry will enter a new phase of "stable volume and quality improvement," with annual sales increasing slightly by 1% to 34.75 million units. New energy vehicle sales are expected to reach 19 million units (up 15.2% yoy), further raising the penetration rate to 54.4%.

For the automotive parts industry, 2026 is expected to usher in a new phase of "technological deepening + accelerated global expansion." Intelligentization will drive demand for core sectors such as computing power chips, smart chassis, and integrated cockpit/driving systems, while the commercialization of Level 3 autonomous driving will spur a surge in demand for high-computing-domain controllers, LiDAR, and electronic brake systems. Meanwhile, parts manufacturers are accelerating overseas production, forming a coordinated pattern of "vehicle exports + parts first" through CKD/SKD models. Leading domestic automotive electronics company Desay SV (002920.CH) is worth attention. Additionally, the spillover of automotive industry technologies into robotics will also create cross-border investment opportunities, with JNMPT (000700.CH) poised to benefit.

### Utilities, Commodity, Consumer Discretionary (Margaret Li)

This month I released 2 reports of GOLDWIND (2208.HK) & CMOC (3993.HK).

As a global leader in wind power, we believe that with the support of relevant policies, wind power demand will grow steadily, overseas orders are expected to increase gradually, and the company's future growth exhibits strong certainty, with robust development prospects. We forecast the company's revenue for 2025-2027 to be RMB 76.34 billion, RMB 92.537 billion, and RMB 106.622 billion, respectively, with EPS of RMB 0.81, RMB 1.09, and RMB 1.32. We employ the Discounted Cash Flow (DCF) method for absolute valuation. Key assumptions in the DCF analysis: WACC: Calculated using the formula  $WACC = K_d * W_d (1-T) + K_e * (1-W_d)$ , resulting in 10.23%. Discounting Period: From 2025 to 2031. Perpetual Growth Rate: 2%. With a WACC of 10.23% and a perpetual growth rate of 2%, the company's fair value per share is estimated at HKD 19.21. We initiate coverage with a "Buy" rating. Under the scenario where WACC ranges from 9.21% to 11.25% and the perpetual growth rate ranges from 1.8% to 2.2%, the fair value per share falls within the range of HKD 14.72 to HKD 25.28.

The company provided production guidance for its major products in 2026, which is as follows: copper metal is projected to be 760,000-820,000 tonnes; cobalt metal 100,000-120,000 tonnes; molybdenum metal 11,500-14,500 tonnes; tungsten metal 6,500-7,500 tonnes; niobium metal 10,000-11,000 tonnes; phosphate fertilizer 1.05-1.25 million tonnes; gold 6-8 tonnes; and physical trading volume 4.0-4.5 million tonnes. We believe the global copper market may remain in a tight supply-demand balance going forward. Supply is prone to disruptions, while demand benefits from increased investments in power grids and AI data centers. In October 2025, the government of the Democratic Republic of Congo (DRC) announced details of cobalt export quotas, ending an export ban that had been in place for eight months since the beginning of the year. The new regulations implement an annual quota management system, with quotas set at 96,600 tonnes per year for both 2026 and 2027. The tight cobalt supply-demand situation is expected to persist, ensuring strong business growth certainty and supporting continued strength in cobalt prices. This year marks the first time the company has provided gold production guidance. We look forward to a significant increase in its future gold output, which should boost operating revenue. We have raised our revenue forecasts for the company, projecting revenues of RMB 224.192 billion, RMB 238.708 billion, and RMB 247.559 billion for 2025, 2026, and 2027, respectively. EPS is forecasted at RMB 0.95, RMB 1.15, and RMB 1.28, with BVPS at RMB 4, RMB 4.8, and RMB 5.6. Applying a 2026 P/B multiple of 5x, we derive a target price of HKD 26.97 and maintain our rating to "Accumulate".

**Fig 1. Performance of Recommended Stocks**

Time	Ticker	Company	Analyst	Rating	Price on Recommendation Date	Target Price	Expected Return	Last Month Closing Price	Last Month Return	Closing Price 2M ago	1M Price Chg
20260105	002920.CH	Desay SV	ZJ	Buy	120.3	147	22.19%	122.34	1.70%	120.3	1.70%
20260116	2208.HK	GOLDWIND	ML	Buy	14.21	19.21	35.19%	14.57	2.53%	13.41	8.65%
20260127	002126.CH	Yinlun	ZJ	Accumulate	40.05	46.3	15.61%	36.92	-7.82%	37.8	-2.33%
20260129	3993.HK	CMOC	ML	Accumulate	24.14	26.97	11.72%	22.32	-7.54%	19.24	16.01%
20260130	000700.CH	JNMPT	ZJ	Buy	12.68	16.45	29.73%	13.4	5.68%	14.06	-4.69%

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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