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Report Review of April. 2026

Hong Kong | INVESTNOTES REPORTS REVIEW

Sectors:
Air & Automobiles (Zhang Jing),
Utilities, Commodity, Consumer Discretionary (Margaret Li)

Automobile & Air (Zhang Jing)

This month I released updated reports of Geely (175.HK), Yutong (600066.CH) , and one initiation report of CFMOTO POWER (603129.CH).

In the first quarter of 2026, Geely Auto delivered a cumulative 709.4 thousand vehicles, up 0.8% yoy, setting a new record high for the same period in history and regaining the top position among domestic brands. Among the sub-brands, the premium brands delivered standout performance: LYNK&CO sold 82 thousand units, up 12.5% yoy, while Zeekr sold 77 thousand units, up 86.1% yoy. We believe that the launch of flagship 9-series models, such as the LYNK&CO 900, Zeekr 9X and Galaxy M9, marks the beginning of a new chapter in the Company's premiumisation strategy in the SUV segment.
In overseas markets, Geely Auto recorded cumulative exports of 203 thousand units in Q1, up 125.7% yoy, far exceeding the industry's average growth rate of 56.7%, representing explosive growth and accounting for 28.6% of total sales. The Company has provided 2026 full-year export sales guidance of no less than 640 thousand units, with a target of 750 thousand units, equivalent to yoy growth of 52.4% to 78.6%. Export business is expected to become the most important growth driver this year. We believe that the rapid volume expansion and high profitability of overseas markets will help offset the slowdown in domestic sales and improve profit margins.
Geely Auto's new energy transition is entering an accelerated phase. In Q1 2026, the Company's cumulative sales of new energy vehicles reached 369.1 thousand units, up 9% yoy, with the penetration rate rising to 52%, and further increasing to 55% in March alone.
Recent geopolitical conflicts in the Middle East have led to volatility in oil prices, which has objectively accelerated the global adoption of electric vehicles. In the long term, this trend benefits leading automakers with advantages in products, technology, cost, and supply chains. The Company's new energy vehicle segment is expected to achieve a favourable trajectory of simultaneous volume and profit growth.
We revised our financial forecast and target price to HK$26.6, equivalent to 12.5/10/8.4x P/E ratio in 2026/2027/2028, and we give the rating of Accumulate.

Yutong reported revenue of RMB41.4 billion (RMB, the same below) in 2025, up 11% yoy; net profit attributable to the parent company of RMB5.55 billion, up 35% yoy; and net profit attributable to the parent company excluding non-recurring items of RMB4.58 billion, up 32% yoy. The Company implemented a high dividend plan, with an annual cash dividend of RMB2 per share, together with an interim dividend of RMB0.5 per share, bringing total cash dividends for the year to RMB5,535 million, close to 100% of its RMB5,554 million net profit, fully demonstrating the Company's abundant cash flow and management's commitment to shareholder returns.

According to the Company's FY2026Q1 result, Yutong's revenue arrived 5.909 billion yuan, down 7.92% yoy; net profit attributable was 659 million yuan, down 12.69% yoy; and net cash flow from operating activities was 3.494 billion yuan, up 146.51% yoy. In terms of sales data, the Company sold a total of 7,652 vehicles in the first quarter, down 15.08% yoy. Domestic market sales were pressured by high base effects and industry adjustments (-29% yoy), while overseas markets (+31% yoy) and new energy bus exports (+57% yoy) continued to perform strongly.

Yutong's export business has covered six major regions, including Europe, the Americas, Asia-Pacific, the Middle East, the CIS, and Africa. The Company has achieved bulk exports of new energy buses to more than 60 countries and regions, and has established localised cooperation through KD assembly in more than ten countries and regions, including Kazakhstan, Pakistan, Ethiopia, and Malaysia, forming a global sales network characterised by "multi-polar support and risk diversification", effectively hedging against domestic demand fluctuations. The Company's first overseas new energy vehicle KD plant has been established in Qatar, with an annual production capacity of 300 units, expandable to 1,000 units, supporting continuous expansion in export share and marking a significant acceleration in the Company's overseas new energy expansion. The overall penetration rate of overseas new energy buses is currently only about 15%, leaving substantial room for future growth. The Company's overseas market share is expected to further increase, while the rising share of new energy buses will continue to drive net profit margin improvement.

In addition, the Company's L2–L4 intelligent connected buses have achieved regular operations in 26 domestic cities as well as overseas markets such as Qatar and Singapore, covering multiple scenarios including public transport, industrial parks, and airports. With the accelerated commercialisation of autonomous driving technology, this is expected to further enhance product competitiveness and value-added.

The Company's leading position remains solid, with significant economies of scale, mature technology, strong brand recognition, and supply chain advantages. Its performance is expected to sustain steady growth. Yutong has always placed importance on shareholder returns. Since its listing, the Company has maintained a cumulative payout ratio, highlighting its long-term investment value.

We forecast that Yutong's EPS in 2026/2027/2028 will be RMB2.71/3.13/3.46yuan, our target price is set unchanged at RMB43.5. It is equivalent to a prospective 2025/2026/2027 PE of 16/13.9/12.6x respectively. We give "BUY" rating.

CFMOTO POWER was established in 1989, starting with the R&D of core components, and entered complete vehicle manufacturing in 1998. Its current core business focuses on the R&D, production, and sales of ATVs, fuel motorcycles, and electric two-wheelers, with products precisely covering diverse scenarios such as sports and leisure, outdoor operations, and public service transportation. The Company is a domestic leader in ATVs and mid-to-large displacement motorcycles. Among them, ATVs are mainly for export sales, with displacements ranging from 400cc to 1,000cc, covering ATV (All-Terrain Vehicle), UTV (Utility Vehicle), and SSV (Side by Side Vehicle) models. The Company has ranked first in market share of ATVs in major European markets for more than ten consecutive years. Fuel motorcycles mainly focus on mid-to-large displacement high-end models, with displacements primarily ranging from 125cc to 1,250cc. In the domestic market for straddle motorcycles and scooters above 200cc, the Company ranks first. Electric two-wheelers represent a newly established business segment, mainly targeting the high-end market to build new growth drivers for results

CFMOTO POWER released its 2025 Annual Report and 2026 Q1 results: In 2025, the Company recorded revenue/net profit attributable to the parent company/net profit attributable to the parent company excluding non-recurring items of RMB19,746 million/RMB1,675 million/RMB1,581 million (RMB, the same below), up 31.3%/13.83%/9.70% yoy, respectively. Among these, overseas revenue reached RMB13.79 billion, accounting for 69.84%. Gross margin was 26.94%, down 3.12 ppts yoy, mainly due to increased tariffs. Net cash flow from operating activities amounted to RMB3,966 million, up 33.4% yoy.

The significantly lower growth rate of net profit compared with revenue in 2025 was mainly due to: 1) Increased tariffs on exports to the U.S. in 2025, resulting in additional retrospective tax payments of RMB978 million (vs. only RMB228 million in 2024); 2) Exchange losses caused by RMB appreciation.

In 2026 Q1, the Company recorded revenue/net profit attributable to the parent company/net profit attributable to the parent company excluding non-recurring items of RMB5,359 million/RMB423 million/RMB417 million, up 26.07%/1.81%/1.55% yoy, respectively. Despite continued exchange rate fluctuations and the impact of U.S. tariffs, the Company’s results remained relatively resilient in the first quarter.

The global sales volume of ATVs has generally stabilised, while the product mix continues to upgrade towards UTV and SSV. Leveraging its globalised operating system and continuous technological innovation, the Company has steadily advanced its product portfolio towards high-performance and high-value segments. Its core model, U10PRO, has delivered outstanding performance in the global market, effectively driving brand premiumisation and increasing ASP. In 2025, the Company sold a total of 197 thousand ATVs, up 16.45% yoy, and recorded sales revenue of RMB9,608 million, up 33.26% yoy. Export value accounted for 74.01% of the industry total, continuing to lead the industry export rankings. As for motorcycle, in 2025, the Company achieved fuel motorcycle sales volume of 295.9 thousand units, up 3.27% yoy, and sales revenue of RMB6,471 million, up 7.18% yoy. Among these, overseas sales reached 159.5 thousand units, up 11.3% yoy, with overseas revenue of RMB3,587 million, up 21.88% yoy. The Company’s premiumisation strategy has delivered remarkable results. As for Electric Two-Wheeler, CFMOTO’s “ZEEHO” brand electric two-wheelers adhere to a high-end positioning of “fuel motorcycle performance + intelligent technology”. In 2025, total sales reached 551.2 thousand units, up 420.2% yoy, with sales revenue of RMB1,912 million, up 381.0% yoy. Gross margin increased by 6.75 ppts to -0.03 ppts, approaching break-even. The Company leverages its expertise in recreational motorcycles to enter the electric motorcycle segment with clear technological advantages and a strong pipeline of new products, positioning it well to capture structural growth opportunities.

Looking ahead, the Company’s ATV and motorcycle businesses are expected to continue gaining overseas market share, supported by technological R&D and brand building. We believe the overseas market will remain a key driver of sustained growth in the Company’s results.

As for valuation, we expected diluted EPS of the Company to RMB 13.84/18.29/23.46 of 2026/2027/2028. And we accordingly gave the target price to RMB 359.3, respectively 26x P/E for 2026. "BUY" rating.

Utilities, Commodity, Consumer Discretionary (Margaret Li)

This month I released 2 reports of BLOKS (325.HK) & Laopu Gold (6181.HK).

BLOKS is a leader in China's assembly character toys market. The company holds over 500 patents, possesses original IP capabilities, and has non-exclusive licenses for approximately 50 well-known IPs. Its product positioning is "high quality at a reasonable price." Leveraging its product strength and supply chain advantages, BLOKS maintains cost competitiveness while continuously expanding its product categories. The company has established a multi-channel sales network, and since 2022, has primarily focused on offline channels centered on distributors. According to Frost & Sullivan, the company's GMV reached approximately RMB 1.8 billion in 2023, + 170% YoY, with a market share of 30.3% in China's assembly character toys market and 7.4% in the building toy market. During the same period, China's assembly character toys market was valued at RMB 5.8 billion, accounting for 5.5% of the overall toy market, 14.3% of the character-based toy market, and 24.4% of the building toy market.

The company achieved sales revenue of RMB 2.91 billion in 2025, + 30.0% YoY. By series, Transformers, Ultraman, Kamen Rider, and HEROSPIRE were the company's top four best-selling series, generating revenues of RMB 951 million, RMB 815 million, RMB 331 million, and RMB 264 million, respectively. By product category, building-and-character toy generated revenue of RMB 2.84 billion, accounting for 97.6% of total revenue, + 29.1% YoY; the assembly vehicle toys and building block toys generated revenue of RMB 70 million, accounting for 2.4% of total revenue, + 77.0% YoY. By channel, offline distribution generated revenue of RMB 2.64 billion, accounting for 90.5% of total revenue, + 27.8% YoY; consignment sales generated revenue of RMB 22.5 million, accounting for 0.8% of total revenue; online channels generated revenue of RMB 253 million, accounting for 8.7% of total revenue, + 62.3% YoY. The growth rate of online channels outpaced the company's overall revenue, demonstrating strong development momentum. Adjusted profit was RMB 675 million, + 15.5% YoY; profit for the year was RMB 634 million, achieving a turnaround from losses in the previous year. As of the end of 2025, the company's R&D team consisted of 618 members, accounting for 66.1% of total employees. The company holds 548 domestic granted patents, 24 overseas granted patents, and 83 domestic invention patents. The R&D expense ratio for 2025 was 9.1%, + 37.3% YoY, reflecting a systematic strengthening of the company's R&D capabilities. The company expands product categories based on core user demands, achieving significant R&D results in themes such as vehicles, animals, and dress-up. Its product matrix continues to diversify, with positive market feedback. During the reporting period, the company launched the "BLOKEES WHEEL" series, which combines ease of assembly and modification, integrates diverse IP themes and automotive culture, and utilizes high-density materials with independent intellectual property rights. It also developed the "TERRAVENTUR" animal-themed toys (e.g., Dinosaur series), achieving an integration of building, articulation, and fine skin textures through the "one-Skin-Feature System". Additionally, the company launched the "DaaLaMode 1/12" dress-up theme series, featuring modular bodies and standardized joints, paired with fabric clothing suitable for various scenarios.

BLOKS holds significant advantages in Lower-Tier Markets. BLOKS' channel penetration strategy in lower-tier markets is not a mere distribution push but a systematic effort. Its core logic can be summarized as: attracting customers with low-priced products, covering a dense network of outlets, maintaining an efficient distributor system, and precisely positioning stores near school campuses. Consumers in lower-tier markets are highly price-sensitive, but they do not simply chase low prices, they seek "ultimate cost-effectiveness." BLOKS accurately captures this demand by launching products such as the 9.9 RMB "Star Edition" and BLOKEES WHEELS series, as well as the 14.9 RMB "TERRAVENTUR" animal-themed toys, further penetrating these markets. We believe BLOKS has built a moat in lower-tier market channels that are difficult to replicate. By deeply integrating classic IPs with modern brick-building techniques, BLOKS effectively satisfies the younger generation's desire for refined collecting and handling of childhood memories, creating a strong emotional bond with users.

On the IP front, the company launches "Premium Blokees" centered on major IPs such as DC, Ultraman, and Transformers. With high-fidelity accuracy, these products trigger a sense of nostalgic compensation among consumers born from the 1980s to the 2000s. On the cultural front, based on over 500 patents, BLOKS builds a "Chinese Bricks" system infused with Chinese cultural elements, enhancing the cultural confidence and sense of belonging for a local brand. On the product front, the company emphasizes the assembly experience and high poseability, aligning with current trends in trendy toy consumption, thereby creating unique cultural products that are both display-worthy and collectible. Overall, BLOKS re-presents classic cultural symbols in the form of "building + collecting," establishing differentiated emotional connections and competitive barriers.

Looking ahead, we believe the company will continue to benefit from its moat in lower-tier markets and its globalization strategy. We forecast the company's operating revenue for 2026–2028 to be RMB 3.8 billion, RMB 4.76 billion, and RMB 5.8 billion, respectively. EPS is projected at RMB 3.09 / 4.20 / 5.11, corresponding to P/E ratios of 18.3x / 13.5x / 11.1x. We assign a 22x P/E ratio for 2026, resulting in a target price of HKD 78.14. Initiate coverage with a "Buy" rating.

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
20260417	175 HK	Geely	ZJ	Accumulate	24.04	26.6	10.65%	22.9	-4.74%	20.92	9.46%
20260429	600066 CH	Yutong	ZJ	Buy	35.63	43.5	22.09%	35.41	-0.62%	35.86	-1.25%
20260430	603129 CH	CFMOTO	ZJ	Buy	271.31	359.3	32.43%	274.73	1.26%	228.6	20.18%
20260409	6181 HK	LAOPU GOLD	ML	Buy	657.5	815.96	24.10%	552	-16.05%	625.5	-11.75%
20260428	325 HK	BLOKS	ML	Buy	65.1	78.14	20.03%	62.55	-3.92%	60.85	2.79%

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 ± 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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