China Chemicals

Iran escalation impacts (II)

Equities
Chemicals

China

- TTF price hikes and supply concerns in EU-exposed chemicals – MDI/ TDI/ Methoinine/ Vitamin
- High margins sustain structural supply expansion for these products; Europe shutdown risk is limited at present
- Wanhua (Hold) faces risks of LPG import and Europe ops exposure, NHU (Hold) a more defensive play; raise TPs

Yi Ru* (Reg. No. S1700520120001)
Head, A-share Petrochem & New Materials Research
HSBC Qianhai Securities Limited
yi.ru@hsbcqh.com.cn
+86 21 5066 2008

Jill Huang* (Reg. No. S1700524120002)
Analyst, A-share Petrochemical and New Materials
HSBC Qianhai Securities Limited
jill.q.huang@hsbcqh.com.cn
+86 21 5066 2024

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

Higher prices. The direct impact on Europe's gas supply should be limited, given only 4% of Europe's imports are from Qatar and the UAE in recent months; but the conflict could elevate global gas prices due to competition (*Iran escalation: 20% of global LNG disrupted*, 2 Mar 2026). As discussed in *Implications of EU supply disruptions on chemicals* (6 Sep 2022), vitamins, methionine and polyurethanes (MDI/ TDI) are the segments most sensitive to European gas price inflation given the global supply footprint (*Exhibits 1-5*). We expect higher gas prices, potential distruptions to the Middle East MDI/TDI operating rate and disruption in the Strait of Hormuz to lead to temporary price hikes for these chemicals. However, the current TTF price and limited direct impact on Europe's gas supply, is unlikely to trigger a production shutdown in Europe, in our view.

Event-driven pricing meets structural supply/demand loosening. Amid geopolitical tensions producers have initiated price hikes and distributors are building inventories for MDI/TDI and feed additives to hedge against higher prices, per BaiInfo. However, we believe producers are expanding capacity given these chemicals' high margins. We also flag incremental demand risks, including higher export freight costs, RMB appreciation and potential demand softness linked to geopolitical uncertainty (*Exhibits 7-10*).

Earnings sensitivity analysis. We think the escalation of the conflict alone does not justify revisions to our forecasts. That said, we conduct earnings sensitivity analysis for NHU and Wanhua. Under a more optimistic scenario, the two companies' 2026 earnings could see c30% upside versus our base case (*Exhibits 12-17*).

Maintain Hold on Wanhua and NHU. For **Wanhua**, we roll our valuation forward to 2027 and apply an unchanged 16x PE to derive a TP of RMB87.90 (from RMB71.2). The stock has been up 19% y-t-d (vs CSI300: 1%) on improved sector sentiment and heavy ETF positioning. While higher MDI/TDI prices could offer short-term support, its European BC units could face rising cost pressure, and domestic petrochem assets are exposed to potential LPG distruption and higher freight costs. Therefore, we maintain Hold. **NHU** share price rose 35% y-t-d (vs CSI300: 1%) on bullish methionine expectations. We lift target PB to 2.8x from 2.3x on NHU's improved supply position and secure domestic capacity, and lift TP to RMB33.10 (from RMB27.60). However, given upcoming capacity additions for its key products, we maintain a Hold rating. **Valuation and risks on *page 7*.**

Key changes to ratings and estimates

Company	Ticker	Currency	Current price	TP Old	TP New	Rating Unchanged	Upside/ downside	PE(x) 2026e	PE(x) 2027e	PB(x) 2026e	PB(x) 2027e
Wanhua Chemical	600309 CH	CNY	91.09	71.20	87.90	Hold	-4%	20.4	16.6	2.5	2.3
Zhejiang NHU	002001 CH	CNY	33.89	27.60	33.10	Hold	-2%	18.8	18.0	2.8	2.6

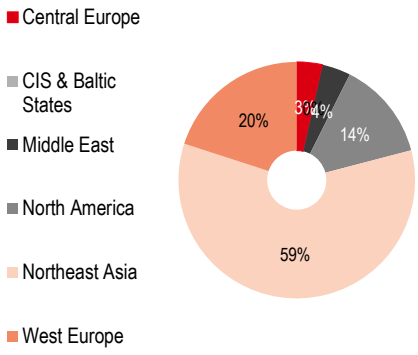
Source: Bloomberg, HSBC Qianhai Securities estimates. Priced as of close at 03 Mar 2026

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

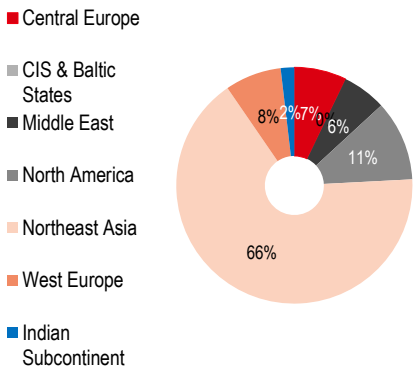
View HSBC Qianhai Securities at:
https://www.research.hsbc.com

Exhibit 1. Global MDI capacity by region (in 2025)



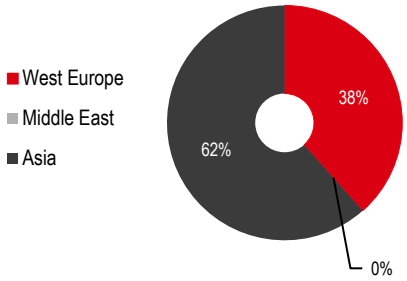
Source: OPIS, HSBC Qianhai Securities

Exhibit 2. Global TDI capacity by region (in 2025)



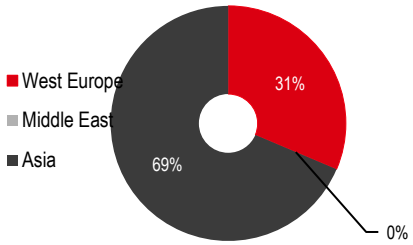
Source: OPIS, HSBC Qianhai Securities

Exhibit 3. Global Vitamin A capacity by region (in 2025)



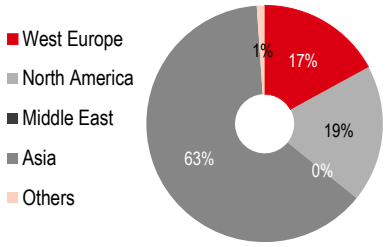
Source: BaiInfo, HSBC Qianhai Securities

Exhibit 4. Global Vitamin E capacity by region (in 2025)



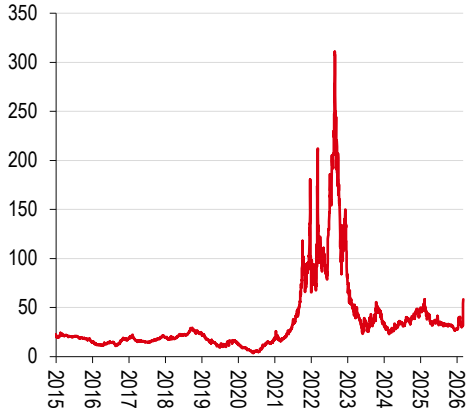
Source: BaiInfo, HSBC Qianhai Securities

Exhibit 5. Global methionine capacity by region (in 2025)



Source: BaiInfo, HSBC Qianhai Securities

Exhibit 6. Dutch TTF gas price (EUR/MWH)



Source: Bloomberg, HSBC Qianhai Securities

Exhibit 7. Global vitamin capacity over 2022-28e

	2022	2023	2024	2025	2026e	2027e	2028e
VA capacity (tpa)	43,500	43,500	40,700	53,600	66,500	66,500	66,500
y-o-y	17.0%	3.2%	-3.1%	-3.2%	16.3%	8.4%	0.0%
VE capacity (tpa)	158,000	163,000	158,000	153,000	178,000	193,000	193,000
y-o-y	17.0%	3.2%	-3.1%	-3.2%	16.3%	8.4%	0.0%

Source: BaiInfo, HSBC Qianhai Securities estimates

Exhibit 8. Global methionine supply-demand outlook

	2022	2023	2024	2025	2026e	2027e	2028e
Capacity (ktpa)	2,075	2,140	2,225	2,345	2,608	2,808	2,908
y-o-y	2.0%	3.1%	4.0%	5.4%	11.2%	8%	4%
Demand (kt)	1,590	1,600	1,700	1,836	1,946	2,063	2,187
y-o-y	6.0%	0.6%	6.3%	8.0%	6.0%	6.0%	6.0%
UTR (%)	77%	75%	76%	78%	75%	73%	75%

Source: BaiInfo, HSBC Qianhai Securities estimates

Exhibit 9. Global MDI supply-demand outlook

	2022	2023	2024	2025	2026e	2027e	2028e
Capacity (ktpa)	9,065	9,865	10,530	11,515	11,565	12,349	12,445
y-o-y	2%	9%	7%	9%	0%	7%	1%
Demand (kt)	8,250	8,150	8,790	9,054	9,325	9,605	9,893
y-o-y	0%	-1%	8%	3%	3%	3%	3%
UTR (%)	91%	83%	83%	79%	81%	78%	79%

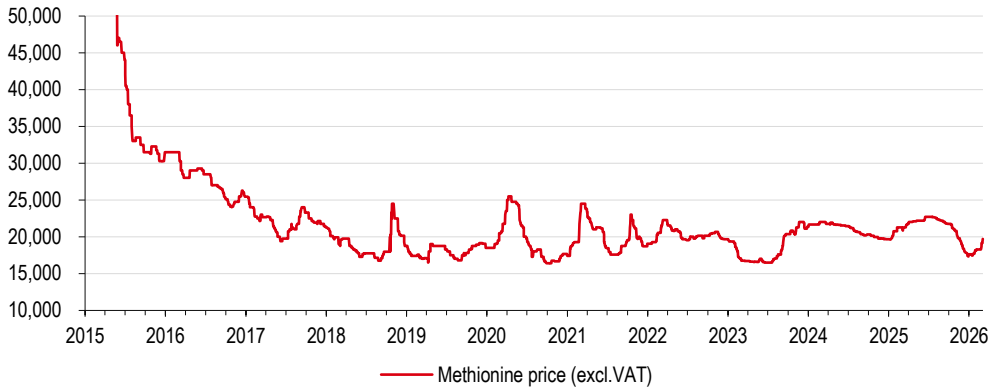
Source: OPIS, HSBC Qianhai Securities estimates

Exhibit 10. Global TDI supply-demand outlook

	2022	2023	2024	2025	2026e	2027e	2028e
Capacity (ktpa)	3,395	3,325	3,187	3,705	3,870	3,930	3,930
y-o-y	-2%	-2%	-4%	16%	4.5%	1.6%	0.0%
Demand (kt)	2,350	2,460	2,670	2,392	2,450	2,510	2,572
y-o-y	-6%	5%	9%	-10%	2%	2%	2%
UTR (%)	69%	74%	84%	65%	63%	64%	65%

Source: OPIS, HSBC Qianhai Securities estimates

Exhibit 11. China's solid methoinine prices (RMB/t)



Source: Wind, HSBC Qianhai Securities

Sensitivity anaylsis

For NHU, the key products exposed to higher gas prices include vitamin A, vitamin E and methionine. Based on our sensitivity analysis, if methionine prices rise to RMB25,000/t, ie, up by RMB5,000/t from our current base case, 2026e EPS could increase by c29% versus our base case. Higher vitamin A and vitamin E prices, however, appear to show limited incremental earnings contribution appears based on our assumptions in the sensitivity analysis.

Exhibit 12. Sensitivity anaylsis of VA price to Zhejiang NHU's 2026 EPS

	Base case (RMB/t)	YTD avg. (RMB/t)	Spot PX(RMB/t)	Bull case (RMB/t)
VA price	70,000	61,000	60,500	100,000
2026e EPS (RMB)	1.80	1.79	1.79	1.86
EPS chg%	0%	-1%	-1%	3%

Source: Wind, HSBC Qianhai Securities estimates.

Exhibit 13. Sensitivity anaylsis of VE price to Zhejiang NHU's 2026 EPS

	Base case (RMB/t)	YTD avg. (RMB/t)	Spot PX(RMB/t)	Bull case(RMB/t)
VE price	80,000	57,000	61,500	90,000
2026e EPS (RMB)	1.80	1.64	1.67	1.87
EPS chg%	0%	-9%	-7%	4%

Source: Wind, HSBC Qianhai Securities estimates.

Exhibit 14. Sensitivity anaylsis of methionine price to Zhejiang NHU's 2026 EPS

	Base case (RMB/t)	YTD avg. (RMB/t)	Spot PX(RMB/t)	Bull case(RMB/t)
Methonine price	20,000	18,478	19,700	25000
2026e EPS (RMB)	1.80	1.78	1.8	2.33
EPS chg%	0%	-1%	0%	29%

Source: Wind, HSBC Qianhai Securities estimates.

For Wanhua, the primary exposure lies in MDI and TDI. Under our base case, we assume poly-MDI spread of RMB8,000/t and pure-MDI spread of RMB10,500/t in 2026e. Based on our sensitivity analysis, for every RMB1,000/t increase in poly-MDI spreads, we estimate c15% upside to 2026e EPS. For pure-MDI, every RMB1,000/t increase in spreads would translate into c7% upside to 2026e EPS. In addition, for every RMB1,000/t increase in TDI spreads, we estimate c9% upside to 2026e EPS.

Exhibit 15. Sensitivity anaylsis of pure MDI spread to Wanhua's 2026 EPS

Pure MDI spread (RMB/t)	8500	9500	10500(base case)	11500	12500
2026 EPS chg%	-14%	-7%	0%	7%	14%

Source: HSBC Qianhai Securities estimates.

Exhibit 16. Sensitivity anaylsis of poly MDI spread to Wanhua's 2026 EPS

Poly MDI spread (RMB/t)	6000	7000	8000(base case)	9000	10000
2026 EPS chg%	-30%	-15%	0%	15%	30%

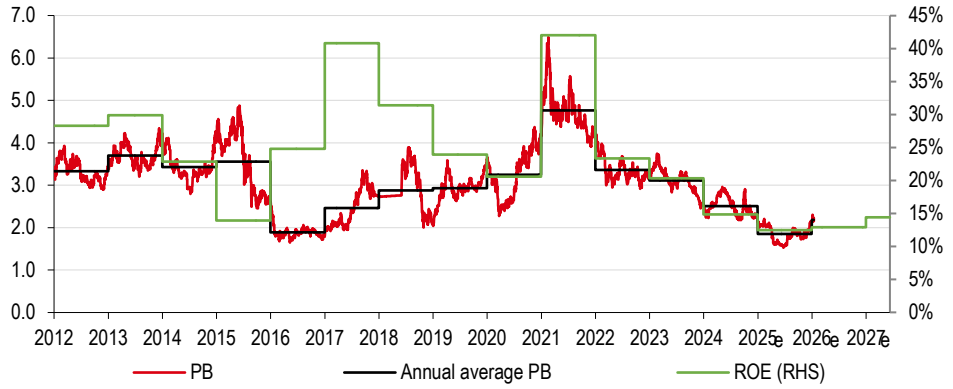
Source: HSBC Qianhai Securities estimates.

Exhibit 17. Sensitivity anaylsis of TDI spread to Wanhua's 2026 EPS

TDI spread (RMB/t)	3500	4500	5500(base case)	6500	7500
2026 EPS chg%	-17%	-9%	0%	9%	17%

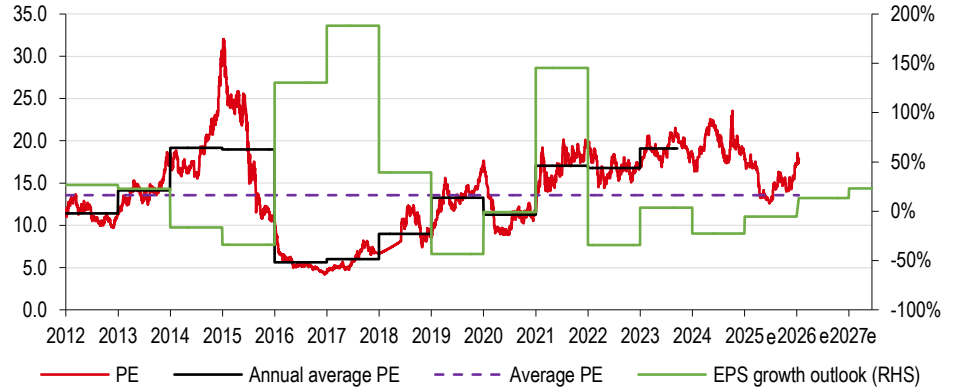
Source: HSBC Qianhai Securities estimates.

Exhibit 18. Wanhua: Historical PB (x) and ROE (%) outlook



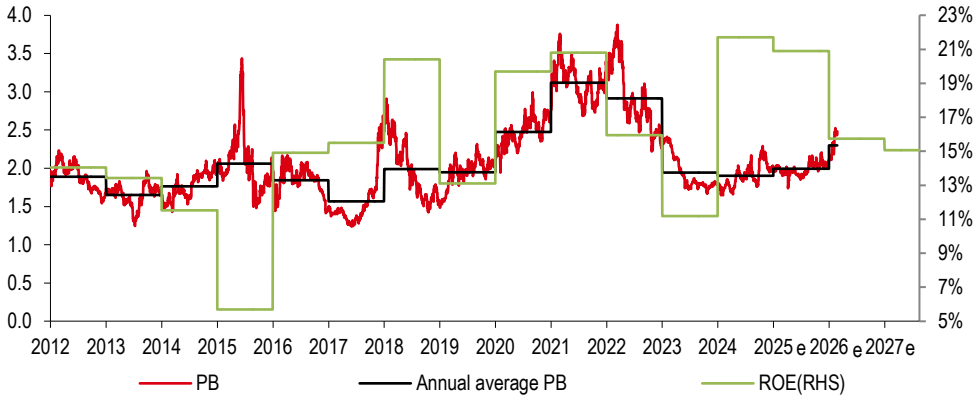
Source: Bloomberg, HSBC Qianhai Securities estimates. Note: 2025-27e are estimates.

Exhibit 19. Wanhua: Historical PE (x) and growth (%) outlook



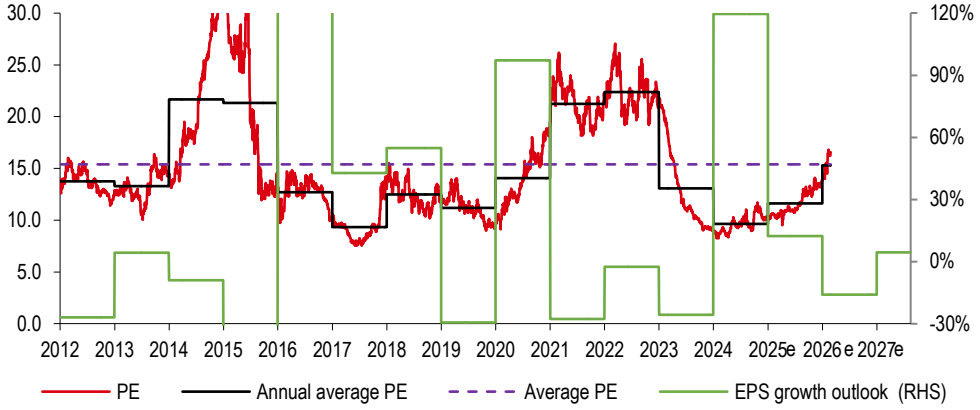
Source: Bloomberg, HSBC Qianhai Securities estimates. Note: 2025-27e are estimates.

Exhibit 20. Zhejiang ZHU: Historical PB (x) and ROE (%) outlook



Source: Bloomberg, HSBC Qianhai Securities estimates. Note: 2025-27e are estimates.

Exhibit 21. Zhejiang ZHU: Historical PE (x) and growth (%) outlook



Source: Bloomberg, HSBC Qianhai Securities estimates. Note: 2025-27e are estimates.

Valuation and risks

		Valuation	Risks
Wanhua Chemical 600309 CH **Hold**	Current price: **RMB91.09** Target price: **RMB87.90** Downside: **-4%**	**Methodology:** PE multiple **Assumptions:** We make minor twists to our estimates to reflect share repurchases. We roll over our valuation base to 2027 from 2026. Target PE of 16x (unchanged), similar to the average PE multiple in 2020-23 as we estimate an EPS CAGR of 18% in 2025-27e (unchanged). In 2020-23, Wanhua achieved an EPS CAGR of 19%, which corresponds to an average 16x PE multiple during that period. Applying this PE multiple to our 2027 EPS estimate of RMB5.49 (from 2026e EPS estimate of RMB4.45), we arrive at a target price of RMB87.90 (was RMB71.20), implying 4% downside. Thus, we maintain our Hold rating. **Yi Ru* (Reg. No. S1700520120001)** | yi.ru@hsbcqh.com.cn | +86 021 5066 2008	**Key upside risks** ◆ Better-than-expected margins if tariff tensions wane ◆ Higher-than-expected demand growth ◆ Global market footprint provides synergy impact **Key downside risks** ◆ Lower-than-expected price spreads ◆ Inventory losses due to oil price fluctuations ◆ Disorderly capex plan which could dilute forward ROE
Zhejiang NHU 002001 CH **Hold**	Current price: **RMB33.89** Target price: **RMB33.10** Downside: **-2%**	**Methodology:** PB-ROE **Assumptions:** We use a cost of equity of 7.3% (from 8.2%), based on a risk-free rate of 4.25%, a China equity market risk premium of 4.75% and a beta of 0.7 (from 0.8) to reflect the defensive downstream characteristic and its key products' significant overseas exposure that would be impacted by supply distruption risks. Target PB multiple of 2.8x (from 2.3x) is derived from our 2026e ROE estimate of 16% (unchanged) and a long-term growth rate of 2.5% (unchanged). This combines with our 2026e BVPS estimate of RMB11.93 (unchanged), leads us to a target price of RMB33.10 (from RMB27.60). With 2% downside, we maintian our Hold rating on the stock. **Yi Ru* (Reg. No. S1700520120001)** | yi.ru@hsbcqh.com.cn | +86 021 5066 2008	**Key upside risks** ◆ Higher-than-expected demand of feed additives ◆ Lower-than-expected new methionine additions in the market avoiding an oversupply ◆ Sooner-than-expected launch of its new capacity **Key downside risks** ◆ Lower-than-expected demand ◆ Capacity expansion of competitors and newcomers ◆ Slower-than-expected production commencement ◆ Negative FX shock on overseas business

Priced at close of 03 Mar 2026.
Source: HSBC Qianhai Securities estimates, Bloomberg
** Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations*

Financials & valuation: Wanhua Chemical

Hold

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (CNYm)				
Revenue	182,069	188,290	230,684	247,991
EBITDA	33,076	31,270	35,133	40,502
Depreciation & amortisation	-13,015	-13,421	-14,661	-15,565
Operating profit/EBIT	20,060	17,849	20,471	24,937
Net interest	-2,094	-2,088	-2,625	-2,390
PBT	16,924	15,561	17,646	22,347
HSBC Qianhai PBT	16,924	15,561	17,646	22,347
Taxation	-2,133	-1,867	-2,118	-2,905
Net profit	13,033	12,336	13,972	17,192
HSBC Qianhai net profit	13,033	12,336	13,972	17,192
Cash flow summary (CNYm)				
Cash flow from operations	30,053	-4,816	40,069	40,506
Capex	-47,137	-28,201	-23,922	-19,216
Cash flow from investment	-37,078	-28,539	-24,321	-19,735
Dividends	-3,925	-3,695	-4,192	-5,158
Change in net debt	5,621	39,154	-8,932	-13,224
FCF equity	-17,084	-33,017	16,148	21,291
Balance sheet summary (CNYm)				
Intangible fixed assets	11,971	11,736	11,593	11,490
Tangible fixed assets	201,721	215,995	224,585	227,474
Current assets	69,990	68,505	78,333	83,678
Cash & others	24,533	20,131	20,443	22,409
Total assets	293,333	306,225	324,900	333,551
Operating liabilities	69,136	37,293	53,251	58,874
Gross debt	98,315	133,067	124,447	113,189
Net debt	73,782	112,935	104,004	90,780
Shareholders' funds	94,626	103,252	113,032	125,067
Invested capital	190,013	238,812	240,818	241,359

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	3.8	3.4	22.5	7.5
EBITDA	-1.1	-5.5	12.4	15.3
Operating profit	-9.1	-11.0	14.7	21.8
PBT	-15.4	-8.1	13.4	26.6
HSBC Qianhai EPS	-22.5	-5.2	13.4	23.0
Ratios (%)				
Revenue/IC (x)	1.0	0.9	1.0	1.0
ROIC	9.6	7.3	7.5	9.0
ROE	14.2	12.5	12.9	14.4
ROA	6.1	5.2	5.7	6.5
EBITDA margin	18.2	16.6	15.2	16.3
Operating profit margin	11.0	9.5	8.9	10.1
EBITDA/net interest (x)	15.8	15.0	13.4	16.9
Net debt/equity	71.3	99.5	83.3	65.3
Net debt/EBITDA (x)	2.2	3.6	3.0	2.2
CF from operations/net debt	40.7		38.5	44.6
Per share data (CNY)				
EPS Rep (diluted)	4.15	3.93	4.46	5.49
HSBC Qianhai EPS (diluted)	4.15	3.93	4.46	5.49
DPS	1.25	1.18	1.34	1.65
Book value	30.14	32.98	36.11	39.95

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	1.9	2.1	1.6	1.5
EV/EBITDA	10.6	12.4	10.8	9.0
EV/IC	1.8	1.6	1.6	1.5
PE*	21.9	23.1	20.4	16.6
PB	3.0	2.8	2.5	2.3
FCF yield (%)	-6.0	-11.6	5.7	7.5
Dividend yield (%)	1.4	1.3	1.5	1.8

* Based on HSBC Qianhai EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	1,107.8
Energy intensity*	1,609.7
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	[n/a]
Employee turnover (%)	2.2
Diversity policy	[Yes]

Governance Indicators	12/2025a
No. of board members	11
Average board tenure (years)	[n/a]
Female board members (%)	0
Board members independence (%)	36.4

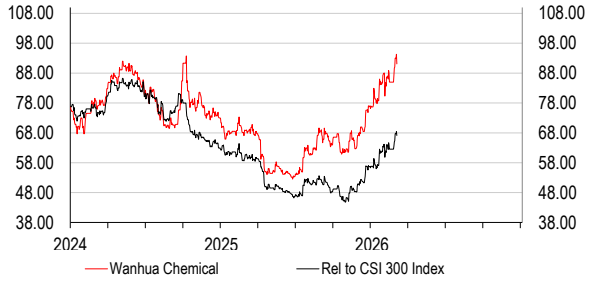
Source: Company data, HSBC Qianhai Securities

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

Issuer information

Share price (CNY)	91.09	Free float	45%
Target price (CNY)	87.90	Sector	Chemicals
RIC (Equity)	600309.SS	Country/Region	China
Bloomberg (Equity)	600309 CH	Analyst	Yi Ru
Market cap (USDm)	41,326	Contact	+86 21 5066 2008

Price relative



Source: HSBC Qianhai Securities

Note: Priced at close of 03 Mar 2026

Financials & valuation: Zhejiang NHU

Hold

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (CNYm)				
Revenue	21,610	22,676	24,289	25,040
EBITDA	9,305	9,606	8,434	8,574
Depreciation & amortisation	-2,154	-2,114	-2,011	-1,932
Operating profit/EBIT	7,151	7,492	6,423	6,642
Net interest	-178	308	142	217
PBT	6,944	7,800	6,565	6,859
HSBC Qianhai PBT	6,944	7,800	6,565	6,859
Taxation	-1,047	-1,170	-985	-1,029
Net profit	5,869	6,590	5,540	5,790
HSBC Qianhai net profit	5,869	6,590	5,540	5,790
Cash flow summary (CNYm)				
Cash flow from operations	7,073	7,838	6,387	7,676
Capex	-891	-1,176	-1,724	-1,747
Cash flow from investment	-3,774	-688	-1,442	-1,423
Dividends	-2,151	-2,636	-2,216	-2,316
Change in net debt	-4,961	-5,854	-3,204	-4,966
FCF equity	6,182	6,662	4,662	5,930
Balance sheet summary (CNYm)				
Intangible fixed assets	2,487	2,646	2,816	2,990
Tangible fixed assets	23,580	22,425	21,904	21,478
Current assets	16,922	22,658	25,463	29,555
Cash & others	7,937	12,328	13,832	17,799
Total assets	42,989	47,729	50,184	54,023
Operating liabilities	1,845	2,569	2,779	3,005
Gross debt	6,490	5,027	3,327	2,327
Net debt	-1,447	-7,301	-10,505	-15,472
Shareholders' funds	29,325	33,764	36,668	40,242
Invested capital	33,207	32,832	33,572	33,220

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	43.0	4.9	7.1	3.1
EBITDA	87.2	3.2	-12.2	1.7
Operating profit	115.0	4.8	-14.3	3.4
PBT	113.4	12.3	-15.8	4.5
HSBC Qianhai EPS	119.5	12.3	-15.9	4.5
Ratios (%)				
Revenue/IC (x)	0.7	0.7	0.7	0.7
ROIC	18.5	19.3	16.4	16.9
ROE	21.7	20.9	15.7	15.1
ROA	14.4	14.6	11.4	11.2
EBITDA margin	43.1	42.4	34.7	34.2
Operating profit margin	33.1	33.0	26.4	26.5
EBITDA/net interest (x)	52.3			
Net debt/equity	-4.9	-21.5	-28.5	-38.2
Net debt/EBITDA (x)	-0.2	-0.8	-1.2	-1.8
CF from operations/net debt				
Per share data (CNY)				
EPS Rep (diluted)	1.91	2.14	1.80	1.88
HSBC Qianhai EPS (diluted)	1.91	2.14	1.80	1.88
DPS	0.70	0.86	0.72	0.75
Book value	9.54	10.99	11.93	13.09

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	4.7	4.2	3.8	3.5
EV/EBITDA	10.9	10.0	11.0	10.2
EV/IC	3.1	2.9	2.8	2.6
PE*	17.7	15.8	18.8	18.0
PB	3.6	3.1	2.8	2.6
FCF yield (%)	5.9	6.4	4.5	5.7
Dividend yield (%)	2.1	2.5	2.1	2.2

* Based on HSBC Qianhai EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	926.9
Energy intensity*	2,193.6
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	9.8
Employee turnover (%)	5.1
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	11
Average board tenure (years)	n/a
Female board members (%)	0
Board members independence (%)	36.4

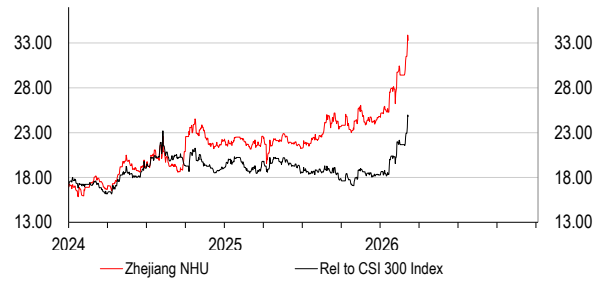
Source: Company data, HSBC Qianhai Securities

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

Issuer information

Share price (CNY)	33.89	Free float	50%
Target price (CNY)	33.10	Sector	Chemicals
RIC (Equity)	002001.SZ	Country/Region	China
Bloomberg (Equity)	002001 CH	Analyst	Yi Ru
Market cap (USDm)	15,095	Contact	+86 21 5066 2008

Price relative



Source: HSBC Qianhai Securities

Note: Priced at close of 03 Mar 2026

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: Yi Ru and Jill Huang

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.

From 23rd March 2015 HSBC has assigned 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.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 31 December 2025, the distribution of all independent ratings published by HSBC is as follows:

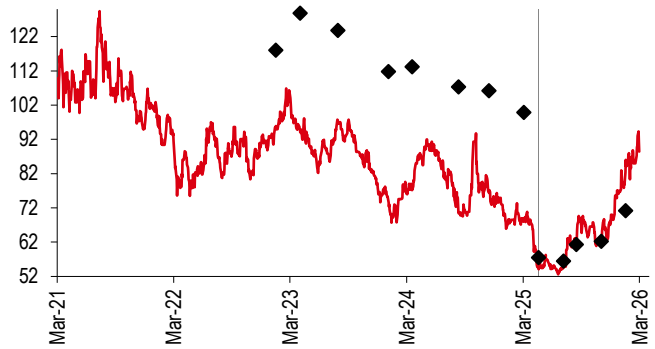
Buy	57%	(12% of these provided with Investment Banking Services in the past 12 months)
Hold	37%	(13% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(5% of these provided with Investment Banking Services in the past 12 months)

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.

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

Wanhua Chemical (600309.SS) share price performance CNY Vs HSBC rating history



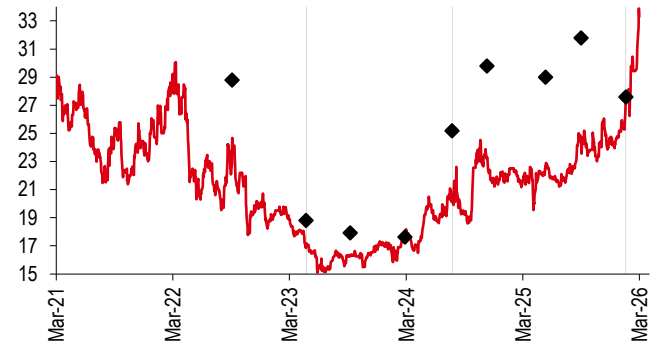
Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Buy	19 Nov 2020	Eric Shen
Buy	Hold	22 Apr 2025	Yi Ru
Target price	**Value**	**Date**	**Analyst**
Price 1	118.10	19 Jan 2023	Yi Ru
Price 2	128.90	06 Apr 2023	Yi Ru
Price 3	123.80	02 Aug 2023	Yi Ru
Price 4	111.80	08 Jan 2024	Yi Ru
Price 5	113.20	22 Mar 2024	Yi Ru
Price 6	107.30	15 Aug 2024	Yi Ru
Price 7	106.20	18 Nov 2024	Yi Ru
Price 8	99.90	07 Mar 2025	Yi Ru
Price 9	57.50	22 Apr 2025	Yi Ru
Price 10	56.50	10 Jul 2025	Yi Ru
Price 11	61.30	19 Aug 2025	Yi Ru
Price 12	62.30	05 Nov 2025	Yi Ru
Price 13	71.20	20 Jan 2026	Yi Ru

Source: HSBC

Zhejiang NHU (002001.SZ) share price performance CNY Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Buy	09 Jul 2020	Eric Shen
Buy	Hold	26 Apr 2023	Yi Ru
Hold	Buy	26 Jul 2024	Yi Ru
Buy	Hold	21 Jan 2026	Yi Ru
Target price	**Value**	**Date**	**Analyst**
Price 1	28.80	06 Sep 2022	Yi Ru
Price 2	18.82	26 Apr 2023	Yi Ru
Price 3	17.94	11 Sep 2023	Yi Ru
Price 4	17.63	01 Mar 2024	Yi Ru
Price 5	25.20	26 Jul 2024	Yi Ru
Price 6	29.80	12 Nov 2024	Yi Ru
Price 7	29.00	15 May 2025	Yi Ru
Price 8	31.80	03 Sep 2025	Yi Ru
Price 9	27.60	21 Jan 2026	Yi Ru

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
WANHUA CHEMICAL	600309.SS	88.46	04 Mar 2026	7
ZHEJIANG NHU	002001.SZ	33.30	04 Mar 2026	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 31 January 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 As of 31 January 2026, 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 As of 31 January 2026, 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 27 February 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 27 February 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.

Additional disclosures

1 This report is dated as at 05 March 2026.

2 All market data included in this report are dated as at close 03 March 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.

Production & distribution disclosures

1. This report was produced and signed off by the author on 05 Mar 2026 09:01 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/ZNWxMWm

Disclaimer

Legal entities as at 7 December 2024:
HSBC Bank plc; HSBC Continental Europe; HSBC Continental Europe SA, Germany; HSBC Bank Middle East Limited, DIFC; HSBC Bank Middle East Limited, UAE 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 the People's Republic of China ("PRC") (Excluding special administrative regions of Hong Kong and Macao), 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 the PRC. HSBC Qianhai Securities Limited is regulated by the China Securities Regulatory Commission ("CSRC") and is qualified to engage in Securities Investment Advisory Business in the PRC [91440300MA5EPLHG1B]. All inquiries by recipients must be directed to the HSBC Qianhai Securities Limited contact in the PRC. 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 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. HSBC policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

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.

The information and opinions in this research report were distributed by The Hongkong and Shanghai Banking Corporation Limited in Hong Kong, which accepts legal responsibility for its contents. This research report is intended to provide information to The Hongkong and Shanghai Banking Corporation Limited's institutional and professional investor (as defined in Schedule 1 to the Securities and Future Ordinance (Cap. 571)) ("SFO") customers only; it is not intended for and should not be distributed to customers in Hong Kong who are not "professional investors". The Hongkong and Shanghai Banking Corporation Limited is regulated by the Hong Kong Monetary Authority. 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 (Chapter 289) ("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.

© 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.

[1274711]