

BaTeLab (2149 HK)

Index inclusion, strategic repositioning, 4Q pricing power; Reiterate BUY

Hang Seng Indexes has officially renamed its Hang Seng Information Technology Industry Index to the **Hang Seng Semiconductor Industry Theme Index, with BaTeLab (2149 HK) included as a new constituent**, effective 7 November 2025. We view this as a **structural positive for BaTeLab**, enhancing market liquidity through potential passive fund inflows and attracting attention from active managers. **Reiterate BUY rating; TP is unchanged at HK\$93, based on 26.6x 2025E P/E.**

- **Index inclusion enhances exposure and liquidity.** On 31 October 2025, Hang Seng Indexes announced a strategic enhancement to its sectoral index framework, rebranding the Hang Seng Information Technology Index as the Hang Seng Semiconductor Industry Theme Index ([link](#)). This move aims to improve the investability and thematic clarity of Hong Kong-listed semiconductor value-chain companies. **New constituents such as BaTeLab stand to benefit** from increased investor visibility, stronger thematic recognition, and potential passive inflows as new ETFs and structured products are launched to track the index. Inclusion in this dedicated semiconductor benchmark should also **help align BaTeLab's valuation more closely with the broader semiconductor sector, in our view.**
- **Strategic distribution shift strengthens long-term resilience.** BaTeLab executed a strategic rebalancing of its distributor network in 1H25, reducing reliance on its largest overseas customer while expanding domestic channel partnerships. Although this transition temporarily moderated sales growth (largely flat in 1H25) and elevated inventory levels (+21% YoY), we believe it meaningfully improved BaTeLab's long-term supply chain resilience. This shift proved prescient given the October imposition of U.S. BIS sanctions on certain subsidiaries of Arrow (ARW US, NR), a key BaTeLab distributor, even though these restrictions were later removed. **The strategic change has no impact on profitability: BaTeLab plans to implement a ~10% price hike in 4Q25, which could boost margin, according to the mgmt.**
- **Reiterate BUY on attractive valuation and visible catalysts.** BaTeLab has demonstrated resilient, high profitability through the recent industry downturn, underscoring its unique business model and operational excellence. We expect the company to deliver 21% net profit growth in 2025E, with net profit margin sustaining above 25%. The stock trades at 14.7x/11.6x 2025/26E P/E, a significant discount to A-share and global peers. Catalysts such as the Hang Seng Semiconductor Index reclassification could support a visible valuation re-rating. Investors should monitor potential passive fund inflows linked to index inclusion.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	464	579	672	841	1,046
YoY growth (%)	31.6	24.8	16.1	25.1	24.4
Gross margin (%)	55.4	53.0	52.4	52.4	52.4
Operating profit (RMB mn)	113.4	174.0	212.9	267.0	331.6
YoY growth (%)	15.2	53.4	22.4	25.4	24.2
Net profit (RMB mn)	109.2	166.6	201.9	255.0	318.9
YoY growth (%)	14.6	52.6	21.2	26.3	25.1
EPS (Reported) (RMB)	2.42	2.78	3.20	4.05	5.06
P/E (x)	19.5	17.0	14.7	11.6	9.3
ROE (%)	17.7	18.1	18.2	19.1	19.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$93.00
Up/Downside 80.8%
Current Price HK\$51.45

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Stock Data

Mkt Cap (HK\$ mn)	3,241.4
Avg 3 mths t/o (HK\$ mn)	11.7
52w High/Low (HK\$)	73.25/25.80
Total Issued Shares (mn)	63.0

Source: FactSet

Shareholding Structure

Asian Equity Special	10.0%
Opportunities	
Value Partners Group	9.5%

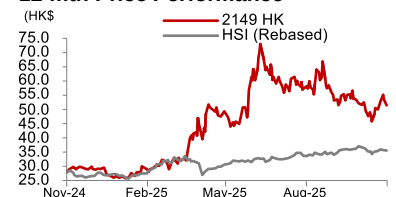
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-0.3%	3.5%
3-mth	-8.7%	-14.5%
6-mth	4.3%	-10.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: HSCIIT index constituent adjustment

Ticker	Company	Adjustment	Market cap (US\$mn)	YTD %
Select holdings as of 3 Nov, 2025				
1347 HK	Hua Hong Semiconductor		20,173	268.4
1675 HK	AsialInfo Technologies	To be excluded	1,095	49.0
1686 HK	SUNeVision Holdings	To be excluded	1,838	41.5
1729 HK	Time Interconnect		3,874	282.2
1810 HK	Xiaomi		149,995	25.2
20 HK	SenseTime		11,643	59.1
2013 HK	Weimob	To be excluded	1,121	-30.6
2038 HK	FIH Mobile		1,887	101.8
2400 HK	XD	To be excluded	4,479	171.1
2431 HK	Minieye		1,338	30.1
2432 HK	Shenzhen Dobot		2,482	111.2
2498 HK	RoboSense		2,124	13.5
2533 HK	Black Sesame		1,983	-12.8
2556 HK	Marketingforce	To be excluded	1,505	-57.6
2577 HK	InnoScience		9,195	151.0
...				
New additions: effective on 7 Nov, 2025				
85 HK	China Electronic	To be included	384	26.2
553 HK	Nanjing Panda	To be included	1,296	47.5
1274 HK	iMotion	To be included	279	-51.8
1385 HK	Shanghai Fudan	To be included	6,346	180.8
1415 HK	Cowell	To be included	3,406	9.3
1478 HK	Q Tech	To be included	2,164	121.2
2018 HK	AAC Tech	To be included	6,055	7.4
2149 HK	BaTeLab	To be included	417	96.3
2878 HK	Solomon Systech	To be included	157	1.0
6869 HK	YOFC	To be included	6,475	197.5
6908 HK	HG Semi	To be included	60	-26.1

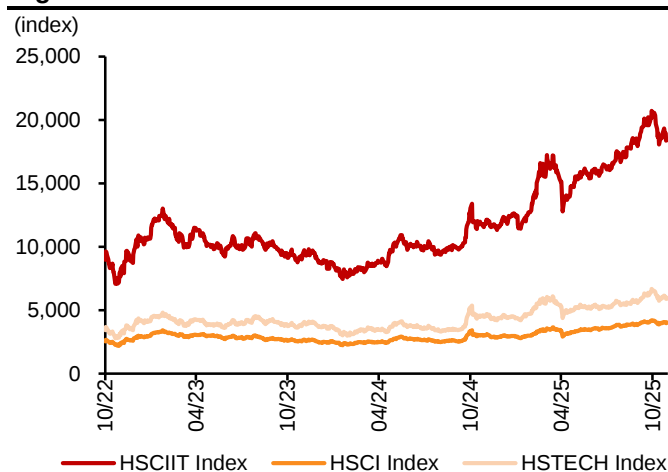
Source: Company data, CMBIGM estimates

Figure 2: HS Semiconductors Industry Theme Index inclusion requirements

Category	Details / Requirements
Universe	Securities listed on the Main Board of HKEX
Turnover Requirement	6-month average daily turnover $\geq$ HK\$2.5mn
Sector Classification	Must fall under one of the following HSICS codes: ■ 7030: Semiconductors (core) ■ 101025: Electronic Components ■ 701010: Consumer Telecommunication Equipment ■ 701015: Telecommunication Network Infrastructure ■ 701020: Computers & Peripherals ■ 702015: Digital Solution Services
Theme Relevance Score	■ For non-7030 names: exposure to semiconductor value-chain assessed using natural-language-processing (NLP) screening of public disclosures, business profiles, and annual reports. ■ Only stocks ranked within top 80% by relevance score are eligible.
Number of Constituents	Fixed at 40
Buffer Zone Rules	■ If < 40 semiconductor (7030) names: existing non-7030 constituents with Relevance Rank $> 1.2 \times n$ removed, and $\leq 0.8 \times n$ included ($n = 40 - \text{no. of 7030 stocks}$).

	■ If ≥ 40 semiconductor names: 7030 stocks with MV rank > 48 removed, ≤ 32 included.
Weighting Method	Free-float adjusted market capitalization weighting.
Weight Adjustment	For non-7030 subsectors, free-float adjusted market cap is multiplied by a 0.5 discount factor before weighting calculation.
Capping Rules	■ 7030 Semiconductor constituents max 15% each ■ Other subsectors max 10% each ■ Top 5 aggregate weight $\leq 60\%$
Review Cycle	Semi-annual data cut-off (June & December)
Rebalancing Frequency	Quarterly
Launch Date	17 Jul 2023 (original), methodology revision effective 7 Nov 2025

Source: Public info, CMBIGM

Figure 3: HSCIIT/HSCI/HSTECH indices

Source: Bloomberg data, CMBIGM

Figure 4: P/E chart

Source: Bloomberg data, CMBIGM

Figure 5: Peers table

Company	Ticker	Mkt Cap (US\$mn)	Price (LC)	P/E (x)		EPS (US\$)		GPM%	
				FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
BaTeLab	2149 HK	417	51.45	14.7	11.6	3.20	4.05	52.4	52.4
Domestic peers									
SG Micro	300661 CH	6,417	73.96	71.7	50.3	0.15	0.21	50.0	50.5
3Peak	688536 CH	3,431	177.30	158.3	78.6	0.16	0.32	46.6	46.9
Novosense	688052 CH	3,328	166.30	-	162.6	-0.45	1.02	36.4	37.7
Average				115.0	97.2	-0.05	0.52	44.3	45.0
Overseas peers									
Texas Instru.	TXN US	146,706	161.46	28.4	25.8	5.68	6.26	56.8	56.6
Analog Devices	ADI US	115,182	234.13	30.1	24.9	7.77	9.42	69.4	70.7
Average				29.3	25.3	6.7	7.8	63.1	63.6

Source: Bloomberg consensus, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	353	464	579	672	841	1,046
Cost of goods sold	(153)	(207)	(272)	(320)	(400)	(498)
Gross profit	199	257	307	352	441	549
Operating expenses	(101)	(144)	(133)	(140)	(174)	(217)
Admin expense	(22)	(26)	(32)	(35)	(44)	(54)
R&D expense	(85)	(119)	(129)	(127)	(154)	(187)
Others	6	2	28	22	24	25
Operating profit	98	113	174	213	267	332
Interest expense	(2)	(4)	(8)	(11)	(12)	(13)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	97	109	166	202	255	319
Income tax	(2)	0	1	0	0	0
After tax profit	95	109	167	202	255	319
Minority interest	0	0	0	0	0	0
Net profit	95	109	167	202	255	319

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	530	1,166	1,451	1,680	1,983	2,346
Cash & equivalents	163	551	636	825	974	1,141
Account receivables	67	69	52	59	65	72
Inventories	76	218	315	332	369	422
Prepayment	203	261	396	403	505	628
Other current assets	21	67	52	60	71	83
Non-current assets	66	105	158	181	212	248
PP&E	59	62	62	69	79	91
Right-of-use assets	3	7	4	6	8	9
Intangibles	0	0	1	1	1	1
Other non-current assets	3	35	91	105	124	147
Total assets	596	1,271	1,609	1,861	2,195	2,594
Current liabilities	195	427	602	649	728	807
Short-term borrowings	96	172	320	362	380	406
Account payables	96	249	278	283	342	394
Lease liabilities	4	7	4	5	5	6
Other non-current liabilities	5	6	2	2	3	3
Total liabilities	200	433	604	651	730	810
Share capital	45	60	60	63	63	63
Other reserves	351	778	945	1,147	1,402	1,721
Total shareholders equity	396	838	1,005	1,210	1,465	1,784
Minority interest	0	0	0	0	0	0
Total equity and liabilities	596	1,271	1,609	1,861	2,195	2,594

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	97	109	166	202	255	319
Depreciation & amortization	3	6	8	10	12	16
Change in working capital	(110)	(52)	(177)	(26)	(85)	(131)
Others	(22)	(33)	16	(10)	(16)	(21)
Net cash from operations	(31)	30	14	175	166	184
Investing						
Capital expenditure	(19)	(44)	(34)	(20)	(25)	(32)
Net proceeds from disposal of short-term investments	464	30	0	0	0	0
Others	(461)	(28)	(30)	0	0	0
Net cash from investing	(15)	(42)	(64)	(20)	(25)	(31)
Financing						
Net cash from financing	63	401	128	34	8	15
Net change in cash						
Cash at the beginning of the year	147	163	551	636	825	974
Exchange difference	0	(1)	8	0	0	0
Others	16	389	77	189	149	167
Cash at the end of the year	163	551	636	825	974	1,141
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	65.7%	31.6%	24.8%	16.1%	25.1%	24.4%
Gross profit	66.1%	29.0%	19.4%	14.8%	25.1%	24.4%
Operating profit	61.8%	15.2%	53.4%	22.4%	25.4%	24.2%
Net profit	67.2%	14.6%	52.6%	21.2%	26.3%	25.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	56.5%	55.4%	53.0%	52.4%	52.4%	52.4%
Operating margin	27.9%	24.5%	30.1%	31.7%	31.7%	31.7%
Return on equity (ROE)	27.4%	17.7%	18.1%	18.2%	19.1%	19.6%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	2.7	2.7	2.4	2.6	2.7	2.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	22.2	19.5	17.0	14.7	11.6	9.3

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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