

# Futu Holdings (FUTU US)

## 1Q26 earnings missed; TP cut to US\$145 on earnings revision for exit of mainland accounts

Futu release 1Q26 results with total revenue/non-GAAP net profit down 9%/73% QoQ to HK\$5.86bn/HK\$0.92bn, falling short of our estimates of HK\$6.1bn/3.2bn ([link](#)). 1Q topline missed our estimate by 4%, due to slower-than-expected growth in brokerage commission income, down 4.6% QoQ (*CMBI est: +4.1%*) weighed by a lower blended commission rate, and other income, down 10.5% QoQ (*CMBI est: -0.2%*). 1Q NPAT declined 75% QoQ, largely due to the one-off CSRC-proposed penalties of RMB1.85bn and a lower-than-expected operating income. Excluding the impact of penalties, NPAT would be HK\$2.92bn, down 13% QoQ. Client assets modestly fell 1.1% QoQ to HK\$1.22tn in 1Q26, as robust net asset inflows were largely offset by mark-to-market losses on clients' US/HK equity holdings. Total funded accounts grew on track to 3.59mn in 1Q26, up 6.7% QoQ, in line with our expectation, with 225k new paying clients tracking 28.1% of annual new client acquisition target. Trading volume rose 4.4% QoQ to HK\$4.15tn, mainly supported by HK stocks' turnover growth (+23% QoQ). Blended commission rate landed short of our expectation at 6.4bps (vs. 4Q25: 6.97bps) due to stronger cash equity trading activities and higher prices of US stocks and options. Mgmt. noted in the call that the Chinese regulatory ban on the cross-border accounts created short-term disruptions in net asset inflows, but overall impact appears manageable. We revise down our FY26-28E earnings by 27% on average to bake in the potential losses from the exit of existing mainland accounts and a fine of RMB1.85bn. Our new TP, derived on a probability-weighted approach of DCF and a target P/E, is US\$145 (prev. US\$228), which implies 18x FY26E P/E. Maintain BUY.

### ■ 1Q26 key metrics:

**1) Softening 1Q topline/bottom-line:** Total revenue was HK\$5.86bn, down 9% QoQ and was 4% below our estimate. GAAP/Non-GAAP net income was HK\$0.85bn/HK\$0.92bn, down 75%/73% QoQ due to the one-off impact of CSRC-proposed penalties of RMB1.85bn. Excluding this, the GAAP/Non-GAAP bottom-line would be HK\$2.9bn/HK\$3.0bn, down 13%/13% QoQ, and was 7% below our estimates ([table](#)). 1Q topline was dragged by a sequential decline in each line of business, with brokerage commission/interest income/others down 5%/13%/11% QoQ.

**2) Total/new funded accounts:** 225k new funded accounts were added in 1Q26, down 4% QoQ, tracking 28.1% of annual new client acquisition target. Total funded accounts reached 3.59mn, up 6.7% QoQ, with a broad-based strength seen across all markets despite heightened stock market volatilities. Funded accounts from the ex-Greater China markets sequentially edged up to a mix of >55%. As of 1Q26, mainland accounts made up 13% of total funded accounts, which generated 17% of total AUM and ~20% of revenue. We expect the mainland contribution to completely exit over the next two years, which could result in a lower average AUM per client and a higher cost of new client acquisition, with an adverse impact on topline and earnings growth.

**3) Client AUM:** Client assets modestly fell 1.1% QoQ to HK\$1.22tn, 2% below our estimate, driven by strong momentum in net asset inflows but partially offset by mark-to-market losses on clients' HK/US stock holdings. HK and SG were the two largest contributing markets for clients' asset inflows, and mgmt. believes the AUM penetration within these two markets still has substantial upside.

**4) Trading volume & blended commission rate:** 1Q total trading volume was HK\$4.15tn, up 4.4% QoQ/29.2% YoY. US/HK stock turnover was HK\$3tn/1tn, broadly flat/up 23% QoQ (72%/24% mix). Trading velocity was 15.8x in 1Q26 (vs. 4Q25: 15.0x). Blended commission yield dropped to 6.4bps in 1Q26, due to strong cash equities trading activity and higher-priced US stocks and options. Brokerage commission income fell 4.6% QoQ to HK\$2.64bn, driven by robust trading volumes partially offset by the decline in blended commission yield.

**5) Interest income fell by teens QoQ as expected.** Interest income declined 13% QoQ to HK\$2.65bn in 1Q26, due to the decrease from idle cash and securities

**BUY (Maintain)**

**Target Price** **US\$145.00**  
 (Previous TP US\$228.00)  
**Up/Downside** **38.2%**  
**Current Price** **US\$104.91**

### China Financials

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### Stock Data

Mkt Cap (US\$ mn)	14,829.6
Avg 3 mths t/o (US\$ mn)	192.2
52w High/Low (US\$)	199.04/89.76
Total Issued Shares (mn)	1133.3

Source: FactSet

### Shareholding Structure

Hua Li	14.9%
BlackRock Inc	3.4%

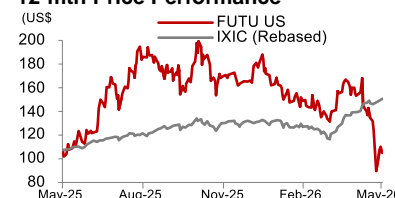
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-31.5%	-37.2%
3-mth	-29.5%	-40.6%
6-mth	-38.2%	-46.3%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Auditor: PwC**

### Related reports:

- Futu Holdings (FUTU US) - [1Q26 preview: softer earnings affected by interest income; net asset inflows close to record high](#), May 20, 2026
- Futu Holdings (FUTU US) - [4Q robust growth in-line; geographic diversification saw sequential improvement](#), Mar 16, 2026
- Futu Holdings (FUTU US) - [4Q25 Preview: Resilient key metrics with modest sequential growth amid market turbulence](#), Mar 9, 2026
- Futu Holdings (FUTU US) - [3Q earnings a strong beat, driven by resilient net asset inflows and NII recovery](#), Nov 20, 2025
- Futu Holdings (FUTU US) - [Marketing feedback: short-term views mixed; 3Q EPS upside to reinforce long-term convictions](#), Oct 28, 2025

lending, partially offset by the increase in margin financing. Interest income from idle cash fell due to a) a repricing effect after the Fed pivot in Dec 2025; and b) reduced average daily cash balance amid a strong bottom-fishing sentiment. Interest income from securities lending slid due to easing demand for short selling of US stocks, and a notable decline in securities borrowing yield. Interest income from idle cash/margin financing/securities lending accounted for 40%/40%/20% of the total in 1Q26.

**6) Product pipeline acceleration:** 1) Moomoo US to launch predication market to US retail investors soon, as license and relevant infrastructure are being built; 2) VATP license enabled Panthertrade to roll out more Web3 and crypto-native initiatives such as OTC trading and staking services. In 1Q26, crypto trading volume and asset under custody were moved from Futu to Panthertrade platform; 3) Korean stock trading function will be launched in mid-Jun in HK and SG markets.

#### ■ Mgmt.'s 2Q-to-date trend update & FY26E outlook:

**1) New funded accounts:** expect the metric to remain stable QoQ, with confidence to achieve the 800k full-year new client acquisition target.

**2) Client assets:** net asset inflows saw short-term disruptions following the China cross-border enforcement, but mgmt. expects the overall impact to be manageable. 2Q-to-date MTM change stayed positive which could drive client AUM sequentially up by a double-digit.

**3) Interest income:** stabilized in 2Q-to-date; mgmt. estimated it to be flattened QoQ.

**4) Moomoo MY:** scaled up with a target to achieve breakeven over the next 6-12 months.

**5) Overseas expansion:** new market entry progress on track, with an expected launch announcement in 3Q26E.

■ **TP cut to HK\$145 on earnings revision.** We revise down our FY26-28E EPS forecasts by 27% on average to HK\$65/HK\$79/HK\$93 (prev. HK\$93/HK\$108/HK\$121). We cut our FY26-27 earnings estimates by 30%/27% mainly due to the exit of existing mainland accounts over the next two years, which could result in 1) a lower average AUM per client, as AUM per mainland funded account was historically several times higher than that of other markets, and 2) a higher CAC (client acquisition cost) alongside the acceleration in overseas expansions. The CSRC's proposed fine represents ~10% of FY26E revenue, which has been counted in after 1Q26 results.

■ **Valuation.** We maintain a BUY rating and expect a re-rating post near-term share price fluctuations, as the removal of onshore regulatory overhang could narrow the discount of Futu's P/E vs. key global peers, in our view. We derive our TP from a probability-weighted of DCF and a target P/E, which includes 1) 70% base case derived from DCF, with a 15.1% WACC and 4% terminal growth; 2) 20% bull case on a 22x FY26E P/E by referring to mean of key peers; and 3) 10% bear case on a 9x FY26E P/E taking Futu's historical trough valuation. Our new TP implies 18x FY26E P/E vs. the stock currently trading at 13x FY26E P/E.

■ **Downside risks:** 1) lower-than-expected turnover amid easing sentiment; 2) softening trends in client asset inflows across key markets; 3) sharp interest rate shocks; 4) significant drawdowns in US/HK stock and crypto markets; 5) slower-than-expected market entry, and 6) significantly tightened regulatory oversight, etc.

#### Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Adjusted net profit (HK\$ mn)	5,768	11,645	9,321	11,369	13,456
EPS (Reported) (HK\$)	38.9	80.2	64.6	78.9	93.2
Consensus EPS (HK\$)	n.a	n.a	87.8	101.9	116.2
P/E (x)	21.0	10.2	12.8	10.5	8.9
P/B (x)	4.2	3.0	2.4	2.0	1.6
ROE (%)	20.7	33.3	20.5	20.4	19.8

Source: Company data, Bloomberg, CMBIGM estimates

6.Futu Holdings (FUTU US) - [Pioneered one-stop financial services platform to ride on crypto advancements; Initiate BUY](#), Oct 14, 2025

## 1Q26 key forecasts snapshot vs. CMBI estimates

(HK\$m, %)	1Q25	2Q25	3Q25	4Q25	1Q26	QoQ%	YoY%	1Q26 CMBI est	Diff.
Brokerage commission income	2,310	2,579	2,914	2,770	2,641	-4.6%	14.3%	2,885	-8.4%
Interest income	2,070	2,288	3,045	3,038	2,650	-12.8%	28.0%	2,581	2.7%
Other income	314	444	444	630	564	-10.5%	79.8%	629	-10.3%
<b>Total revenue</b>	<b>4,695</b>	<b>5,311</b>	<b>6,403</b>	<b>6,438</b>	<b>5,856</b>	<b>-9.0%</b>	<b>24.7%</b>	<b>6,095</b>	<b>-3.9%</b>
Brokerage commission expenses	(144)	(161)	(161)	(141)	(164)	16.4%	14.6%	(147)	11.7%
Interest expenses	(469)	(378)	(474)	(437)	(415)	-5.1%	-11.6%	(429)	-3.3%
Processing and servicing costs	(136)	(133)	(159)	(150)	(170)	13.1%	25.0%	(144)	17.9%
<b>Total costs</b>	<b>(749)</b>	<b>(671)</b>	<b>(794)</b>	<b>(729)</b>	<b>(749)</b>	<b>2.8%</b>	<b>0.0%</b>	<b>(720)</b>	<b>4.0%</b>
<b>Gross profit</b>	<b>3,946</b>	<b>4,640</b>	<b>5,609</b>	<b>5,710</b>	<b>5,107</b>	<b>-10.6%</b>	<b>29.4%</b>	<b>5,375</b>	<b>-5.0%</b>
Research and development expenses	(386)	(442)	(574)	(507)	(479)	-5.5%	24.1%	(532)	-10.0%
Selling and marketing expenses	(459)	(429)	(586)	(507)	(557)	9.9%	21.2%	(505)	10.2%
General and administrative expenses	(415)	(425)	(545)	(549)	(541)	-1.6%	30.3%	(571)	-5.3%
<b>Operating expenses</b>	<b>(1,260)</b>	<b>(1,296)</b>	<b>(1,705)</b>	<b>(1,563)</b>	<b>(1,577)</b>	<b>0.9%</b>	<b>25.1%</b>	<b>(1,609)</b>	<b>-2.0%</b>
<b>Operating profit</b>	<b>2,685</b>	<b>3,344</b>	<b>3,904</b>	<b>4,147</b>	<b>3,530</b>	<b>-14.9%</b>	<b>31.5%</b>	<b>3,766</b>	<b>-6.3%</b>
Other income/(expense)	(21)	(168)	(35)	(144)	(2,133)	<i>n.a</i>	<i>n.a</i>	(30)	<i>n.a</i>
<b>Income before tax</b>	<b>2,665</b>	<b>3,176</b>	<b>3,870</b>	<b>4,003</b>	<b>1,397</b>	<b>-65.1%</b>	<b>-47.6%</b>	<b>3,736</b>	<b>-62.6%</b>
Income tax	(491)	(580)	(633)	(656)	(607)	-7.4%	23.6%	(612)	-0.8%
Share of profit/(Loss) from equity method investments	(31)	(24)	(19)	22	41	85.4%	-233.0%	21	98.7%
Net income/(losses)	2,143	2,573	3,217	3,369	831	-75.3%	-61.2%	3,145	-73.6%
<b>Net income/(losses) to shareholders</b>	<b>2,145</b>	<b>2,574</b>	<b>3,228</b>	<b>3,390</b>	<b>851</b>	<b>-74.9%</b>	<b>-60.4%</b>	<b>3,165</b>	<b>-73.1%</b>
Net income/(losses) to shareholders, excl. adjustment					2,922	-13.8%	36.2%	3,165	-7.7%
<b>Non-GAAP net income</b>	<b>2,217</b>	<b>2,660</b>	<b>3,312</b>	<b>3,456</b>	<b>920</b>	<b>-73.4%</b>	<b>-58.5%</b>	<b>3,235</b>	<b>-71.6%</b>
Non-GAAP net income, excl. adjustment					3,011	-12.9%	35.8%	3,235	-6.9%
<b>Key operating metrics:</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>1Q26</b>	<b>QoQ%</b>	<b>YoY%</b>	<b>CMBI est</b>	<b>Diff.</b>
<b>Quarterly new paying clients (k)</b>	<b>261.8</b>	<b>204.0</b>	<b>254.3</b>	<b>234.0</b>	<b>224.9</b>	<b>-3.9%</b>	<b>-14.1%</b>	<b>222.2</b>	<b>1.2%</b>
No. of paying clients (k)	2,673	2,877	3,131	3,365	3,590	6.7%	34.3%	3,588	0.1%
<b>Total client assets (HK\$ bn)</b>	<b>830</b>	<b>974</b>	<b>1,240</b>	<b>1,230</b>	<b>1,220</b>	<b>-1.1%</b>	<b>47.0%</b>	<b>1,246</b>	<b>-2.1%</b>
Avg. client assets per paying client (HK\$ mn)	0.31	0.34	0.40	0.37	0.34	-7.3%	9.5%	0.35	-2.1%
<b>Total trading volume (HK\$ bn)</b>	<b>3,213</b>	<b>3,590</b>	<b>3,900</b>	<b>3,977</b>	<b>4,150</b>	<b>4.4%</b>	<b>29.2%</b>	<b>4,121</b>	<b>0.7%</b>
- US stocks	2,250	2,700	2,600	3,045	3,000	-1.5%	33.3%		
- HK stocks	916	834	1,190	821	1,010	23.0%	10.3%		
<b>Trading velocity of client assets (x)</b>	<b>19.4x</b>	<b>19.1x</b>	<b>16.6x</b>	<b>15.0x</b>	<b>15.8x</b>	<b>0.8</b>	<b>(3.6)</b>		
<b>Blended commission rate (bps)</b>	<b>7.2</b>	<b>7.2</b>	<b>7.5</b>	<b>7.0</b>	<b>6.4</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>7.0</b>	<b>(0.6)</b>
HK trading volume (HK\$bn)	14,564	14,261	18,613	14,018	16,600	18.4%	14.0%		
Futu's market share in HK stock market (%)	3.14%	2.92%	3.20%	2.93%	3.04%	0.1 bps	-0.1 bps		
US trading volume (US\$bn)	44,028	49,808	52,950	59,282	46,785	-21.1%	6.3%		
Futu's market share in US stock market (%)	0.33%	0.35%	0.32%	0.33%	0.41%	0.1 bps	0.1 bps		
<b>MFSL balance (HK\$bn)</b>	<b>50.3</b>	<b>51.4</b>	<b>63.1</b>	<b>67.7</b>	<b>72.9</b>	<b>7.7%</b>	<b>44.9%</b>	<b>71.0</b>	<b>2.6%</b>
MSFL balance as % of total client assets	6.1%	5.3%	5.1%	5.5%	6.0%	0.5pct	-0.1pct	5.7%	0.3pct
<b>WM asset balance (HK\$bn)</b>	<b>139.2</b>	<b>163.2</b>	<b>175.6</b>	<b>179.6</b>	<b>178.4</b>	<b>-0.7%</b>	<b>28.2%</b>	<b>183.1</b>	<b>-2.6%</b>
WM balance as % of total client assets	16.8%	16.8%	14.2%	14.6%	14.6%	0.1pct	-2.2pct	14.7%	-0.1pct
Client idle cash (HK\$bn)	88.2	105.3	127.6	113.4	114.8	1.2%	30.1%	115.5	-0.6%
Client idle cash as % of total client assets	10.6%	10.8%	10.3%	9.2%	9.4%	0.2pct	-1.2pct	9.3%	0.1pct
<b>Client acquisition costs (CAC, HK\$ 000')</b>	<b>1.75</b>	<b>2.10</b>	<b>2.30</b>	<b>2.17</b>	<b>2.48</b>	<b>14.3%</b>	<b>41.1%</b>	<b>2.27</b>	<b>8.9%</b>
Number of IPO and IR clients	498	517	561	600	625	4.2%	25.5%		

Source: Company data, HKEx, CBOE, and CMBIGM estimates | Note: For column of difference, we calculated actual results vs. our 1Q26 estimates.

## Earnings revision

Figure 1: Earnings revision

(HK\$ bn, %)	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY26E	FY27E	FY26E	FY27E	FY28E
Revenue	22.7	24.1	28.2	25.2	28.8	32.7	-10%	-17%	-14%
Gross profit	19.5	20.6	24.1	22.3	25.6	29.1	-12%	-20%	-17%
Operating profit	13.0	13.3	15.6	15.6	18.1	20.3	-17%	-27%	-23%
Net profit	9.2	11.2	13.2	13.2	15.3	17.2	-31%	-27%	-23%
EPS (HK\$)	64.6	78.9	93.2	93.4	108.0	121.3	-10%	-17%	-14%
Gross margin	86%	86%	86%	88%	89%	89%	-2 ppt	-3 ppt	-3 ppt
Operating margin	57%	55%	55%	62%	63%	62%	-5 ppt	-7 ppt	-7 ppt
Net margin	39%	45%	46%	52%	53%	53%	-13 ppt	-8 ppt	-7 ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

(HK\$ bn, %)	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY26E	FY27E	FY26E	FY27E	FY28E
Revenue	22.7	24.1	28.2	25.7	29.2	33.7	-11%	-18%	-16%
Gross profit	19.5	20.6	24.1	22.1	23.9	27.1	-11%	-14%	-11%
Operating profit	13.0	13.3	15.6	15.3	17.6	19.9	-15%	-24%	-22%
Net profit	9.2	11.2	13.2	12.6	15.0	17.5	-27%	-26%	-25%
EPS (HK\$)	64.6	78.9	93.2	87.8	101.9	116.2	-32%	-25%	-23%
Gross margin	86%	86%	86%	86%	82%	81%	0 ppt	4 ppt	5 ppt
Operating margin	57%	55%	55%	60%	60%	59%	-3 ppt	-5 ppt	-4 ppt
Net margin	39%	45%	46%	49%	51%	52%	-10 ppt	-6 ppt	-6 ppt

Source: Company data, Bloomberg, CMBIGM estimates

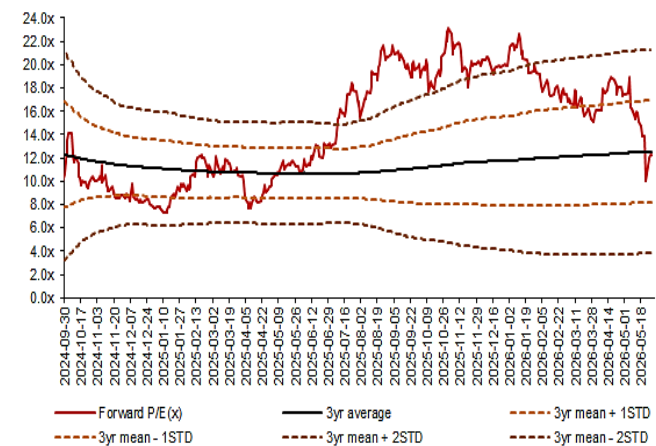
## Peers' comp table of P/E(x) in FY26E-28E vs. Futu Holdings

Company	Ticker	Last price (LC)	2026E	2027E	2028E
Up Fintech Holdings	TIGR US	5.10	5.2x	4.6x	3.9x
Robinhood Markets Inc.	HOOD US	76.23	39.6x	29.9x	25.1x
Interactive Brokers	IBKR US	80.95	32.4x	28.4x	24.9x
Charles Schwab	SCHW US	85.61	14.0x	11.9x	10.2x
East Money	300059 CH	19.19	20.6x	18.6x	17.0x
		<b>Median</b>	<b>20.6x</b>	<b>18.6x</b>	<b>17.0x</b>
		<b>Mean</b>	<b>22.4x</b>	<b>18.7x</b>	<b>16.2x</b>
Futu Holdings Ltd.	FUTU US	110.22	12.8x	10.5x	8.9x
		<i>Discount vs peers median</i>	-38.0%	-43.5%	-47.7%

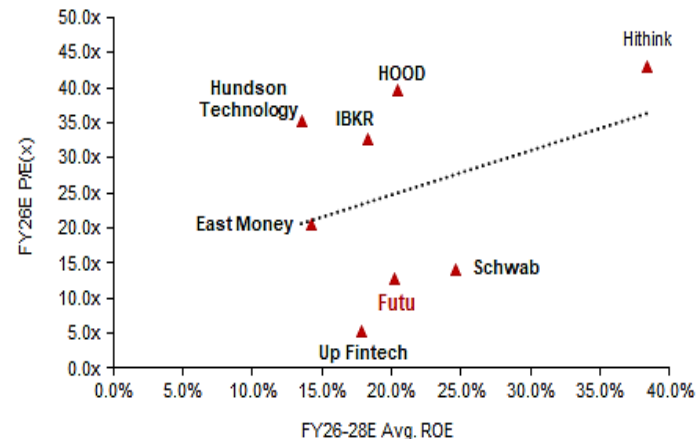
Source: Bloomberg, CMBIGM estimates | Note: Stock price data quoted by market close on May 27, 2026 (Wed). FY26-28E EPS estimates of Up Fintech, Robinhood, Interactive Brokers, Charles Schwab, and East Money are quoted from Bloomberg consensus as of May 27, 2026 (Wed).

## Focus Charts

**Fig. 3: Futu's 12mth forward P/E(x) trading band**



**Fig. 4: Futu's FY26E P/E and 3yr avg. ROE vs. peers**



Source: Bloomberg, CMBIGM estimates  
Note: The estimates of Futu's peer companies quoted from Bloomberg consensus.

## Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (HK\$ mn)						
Revenue	10,008	13,590	22,847	22,742	24,059	28,227
Cost of goods sold	(1,536)	(2,445)	(2,942)	(3,197)	(3,490)	(4,112)
<b>Gross profit</b>	<b>8,472</b>	<b>11,145</b>	<b>19,905</b>	<b>19,544</b>	<b>20,568</b>	<b>24,115</b>
<b>Operating expenses</b>	<b>(3,465)</b>	<b>(4,523)</b>	<b>(5,824)</b>	<b>(6,519)</b>	<b>(7,291)</b>	<b>(8,524)</b>
Selling expense	(710)	(1,409)	(1,980)	(2,158)	(2,095)	(2,331)
Admin expense	(1,313)	(1,620)	(1,935)	(2,297)	(2,687)	(3,144)
R&D expense	(1,441)	(1,494)	(1,909)	(2,064)	(2,509)	(3,050)
<b>Operating profit</b>	<b>5,007</b>	<b>6,622</b>	<b>14,081</b>	<b>13,025</b>	<b>13,277</b>	<b>15,591</b>
Other income	33	(86)	(367)	(2,133)	(500)	(500)
<b>Pre-tax profit</b>	<b>5,041</b>	<b>6,535</b>	<b>13,713</b>	<b>10,892</b>	<b>12,777</b>	<b>15,091</b>
Income tax	(748)	(998)	(2,360)	(2,269)	(2,236)	(2,641)
Others	(13)	(104)	(52)	322	377	445
<b>Net profit</b>	<b>4,281</b>	<b>5,443</b>	<b>11,338</b>	<b>9,155</b>	<b>11,175</b>	<b>13,199</b>
<b>Adjusted net profit</b>	<b>4,570</b>	<b>5,768</b>	<b>11,645</b>	<b>9,321</b>	<b>11,368</b>	<b>13,456</b>

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (HK\$ mn)						
Cash & equivalents	4,938	11,688	10,466	22,268	27,123	34,021
Cash held on behalf of clients	44,369	68,640	113,398	105,348	133,881	151,150
Restricted cash	1	1	3	4	4	4
Receivables	10,148	22,843	27,670	30,719	35,393	40,544
Loans and advances	32,547	49,714	64,747	71,074	95,332	113,824
Prepaid assets	55	63	78	163	198	241
ST bank deposits	6	5	0	106	106	106
Other current assets	3,383	2,949	7,429	7,629	7,917	8,217
Right-of-use assets	224	253	570	74	29	7
Long-term investments	239	573	615	678	705	734
Other non-current assets	1,227	2,026	3,461	4,256	4,429	4,609
<b>Total assets</b>	<b>97,136</b>	<b>158,757</b>	<b>228,437</b>	<b>242,318</b>	<b>305,117</b>	<b>353,456</b>
Amounts due to related parties	69	79	67	106	106	106
Payables	64,654	117,174	166,019	165,049	211,124	242,353
Lease liabilities	238	277	594	601	601	601
Securities purchased under agreements to repurchase	0	2,575	4,743	6,198	6,198	6,198
Accrued expenses	1,939	4,937	4,527	6,278	7,978	9,007
Long-term borrowings	5,652	5,702	12,143	14,389	18,415	21,506
Other non-current liabilities	12	8	22	35	37	38
<b>Total liabilities</b>	<b>72,564</b>	<b>130,752</b>	<b>188,116</b>	<b>192,656</b>	<b>244,458</b>	<b>279,809</b>
Share capital	0	0	0	0	0	0
Retained earnings	11,361	14,653	25,991	34,955	45,873	58,769
Other reserves	13,208	13,358	14,010	14,352	14,352	14,352
<b>Total shareholders' equity</b>	<b>24,569</b>	<b>28,011</b>	<b>40,001</b>	<b>49,307</b>	<b>60,225</b>	<b>73,121</b>
Minority interest	3	(7)	320	355	434	527
<b>Total equity and liabilities</b>	<b>97,136</b>	<b>158,757</b>	<b>228,437</b>	<b>242,318</b>	<b>305,117</b>	<b>353,456</b>

<b>CASH FLOW</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec (HK\$ mn)</b>						
Net change in cash	(6,474)	31,171	43,302	3,754	39,208	30,274
Cash at the beginning of the year	55,716	49,308	80,329	123,867	121,801	154,902
Exchange difference	66	(150)	236	0	0	0
<b>Cash at the end of the year</b>	<b>49,308</b>	<b>80,329</b>	<b>123,867</b>	<b>127,620</b>	<b>161,008</b>	<b>185,176</b>
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Gross profit margin (GPM)	84.7%	82.0%	87.1%	85.9%	85.5%	85.4%
Operating margin (OPM)	50.0%	48.7%	61.6%	57.3%	55.2%	55.2%
Non-GAAP net margin (Adj. NPM)	45.7%	42.4%	51.0%	41.0%	47.3%	47.7%
Return on equity (ROE)	18.8%	20.7%	33.3%	20.5%	20.4%	19.8%
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/E (x)	26.8	21.0	10.2	12.8	10.5	8.9
P/B (x)	4.8	4.2	3.0	2.4	2.0	1.6
EV/EBITDA (x)	17.2	13.4	6.6	8.2	7.0	5.9

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

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