

What's Hot Today:

► China LiDAR – Robust demand from robotic applications

In 1Q26, the LiDAR industry faced a seasonal downturn, with ADAS shipments contracting notably on a sequential basis. ADAS products have largely commoditized at mass-market price points amid narrowing technological gaps, intensifying price competition and compressing gross margins. In contrast, robotics demand remained robust, emerging as the primary growth driver. Looking ahead, the industry is moving towards the development of premium automotive LiDAR solutions and robotics.

RoboSense (2498 HK, HK\$31.64, HK\$15bn) - Robotics LiDAR Powers Growth

The company delivered 1Q26 revenue of RMB459mn (+40% YoY, -39% QoQ), with total LiDAR shipments reaching 330k units (+204% YoY, -28% QoQ). ADAS LiDAR shipments stood at 145k units (+50% YoY, -39% QoQ), backed by mass production designations for 177 vehicle models from 36 OEMs and Tier 1 suppliers. Robotics LiDAR shipments beat expectation with 185k units (+14x YoY, -16% QoQ), to account for 56% of total shipment on strong demand from automated lawn mowers, unmanned delivery vehicles, and commercial cleaning equipment. Blended ASP fell further to RMB1.3k, pressured by aggressive ADAS pricing on newly launched EMX to gain share and the inherently lower-priced, high-volume nature of robotics LiDARs.

GPM eased to 21.7% from 23.5% a year ago, due to higher initial production costs from the EMX ramp-up, capacity underutilization amid moderating automotive growth, and increased costs for certain IC-chips. Core operating loss edged up to RMB141mn from RMB137mn in 1Q25, due to sustained R&D investment. Net loss narrowed to RMB64mn from RMB100mn, largely because of a RMB52.3mn gain (from a RMB2.2mn loss) on investment disposal and favorable FX movements. Operating cash outflow improved sharply from RMB463mn to RMB89mn, significantly easing cash burn pressure. The company had a net cash position of about RMB2bn as at the end of March 2026.

China & HK Indices	CLOSE	1D	YTD
HSI	25,182	0.7%	-1.7%
HSCEI	8,425	0.7%	-5.6%
HSCCI	4,383	1.1%	9.2%
CSI300	4,892	-0.4%	5.7%
Shanghai A	4,267	-0.7%	8.7%
Shanghai B	275	-1.7%	8.7%
Shenzhen A	2,936	-1.9%	10.9%
Shenzhen B	1,112	-0.1%	-12.1%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	51,032	0.7%	6.2%
S&P 500	7,580	0.2%	10.7%
Nasdaq	26,972	0.2%	16.1%
NIKKEI Index	66,584	0.4%	32.3%
FTSE Index	10,409	-0.2%	4.8%
CAC Index	8,183	-0.1%	0.4%
DAX Index	25,104	0.0%	2.5%

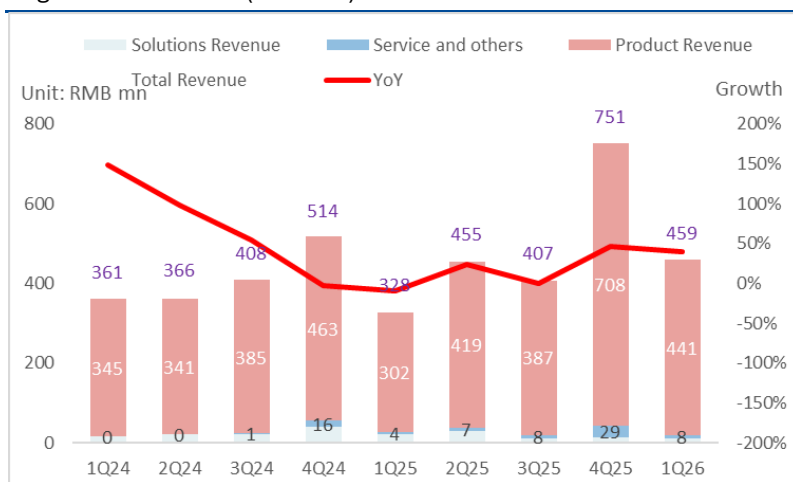
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,540	1.0%	5.0%
STEEL (US\$/oz.)	3,364	0.3%	32.3%
SILVER (US\$/oz.)	75	-0.4%	5.4%
CRUDE OIL (US\$/bbl)	87	-1.7%	56.3%
COPPER (US\$/oz.)	13,636	0.8%	9.8%
ALUMINIUM (US\$/oz.)	3,666	0.8%	22.4%
PLATINUM (US\$/oz.)	1,920	-0.2%	-6.0%
ZINC (US\$/oz.)	3,540	0.8%	13.6%
WHEAT (US\$/bu)	610	-2.2%	20.7%
CORN (US\$/bu)	446	-2.0%	-1.7%
SUGAR (US\$/lb)	113	-1.6%	0.0%
SOYBEAN (US\$/bu)	1,186	-0.6%	10.7%
PVC (US\$/t)	4,929	-0.3%	58.3%
CRB	380	-1.1%	3.0%
BDI			71.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.837	0.858	159.270	0.781	6.766
HKD	0.128		0.109	20.325	9.966	0.863
EUR	1.166	9.138		185.670	1.098	7.894
JPY	0.006	4.920	0.539		0.490	0.042
CHF	1.280	10.033	1.098	203.944		8.673
RMB	0.148	1.158	0.127	23.536	0.115	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	15	-8.6%

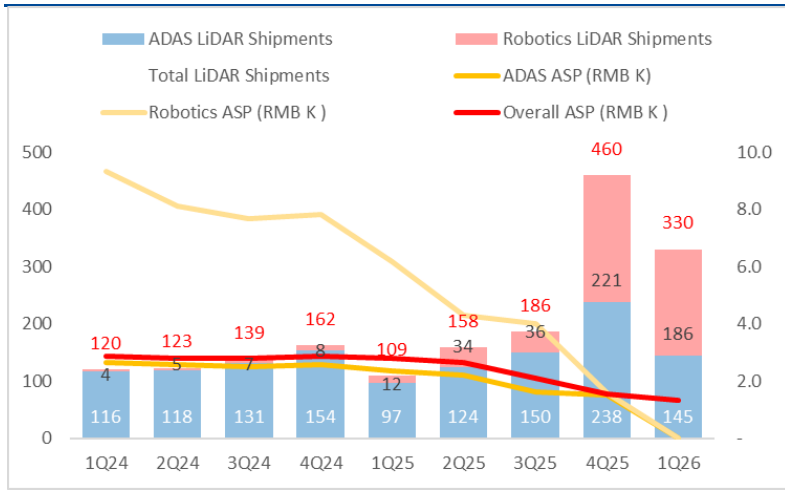
Source: Bloomberg

Fig 1: Total Revenue (RMB'mn)



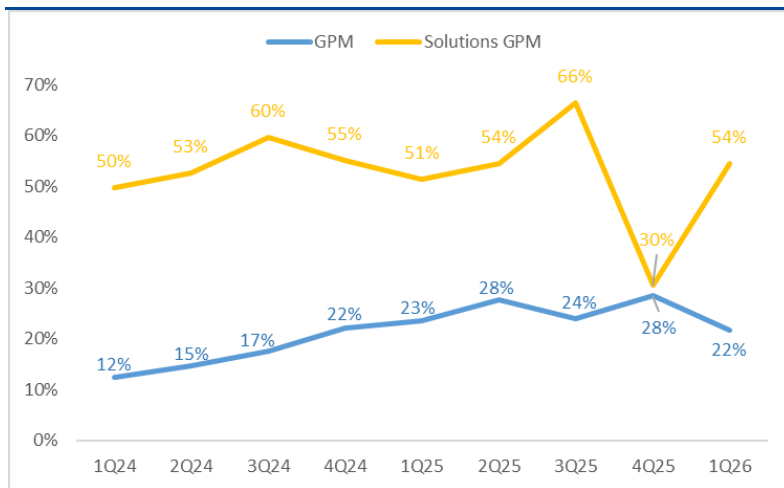
Source: Company Data, Sunwah Kingsway Research

Fig 2: Breakdown of Lidar Shipments and ASP



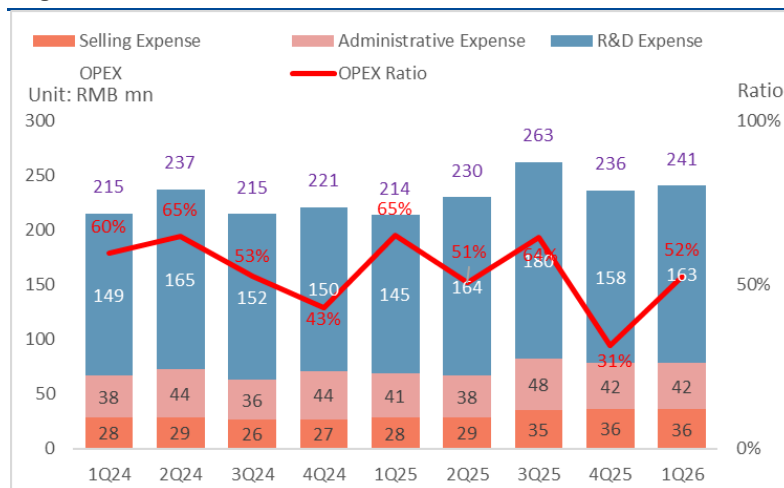
Source: Company Data, Sunwah Kingsway Research

Fig 3: Segment of GPM



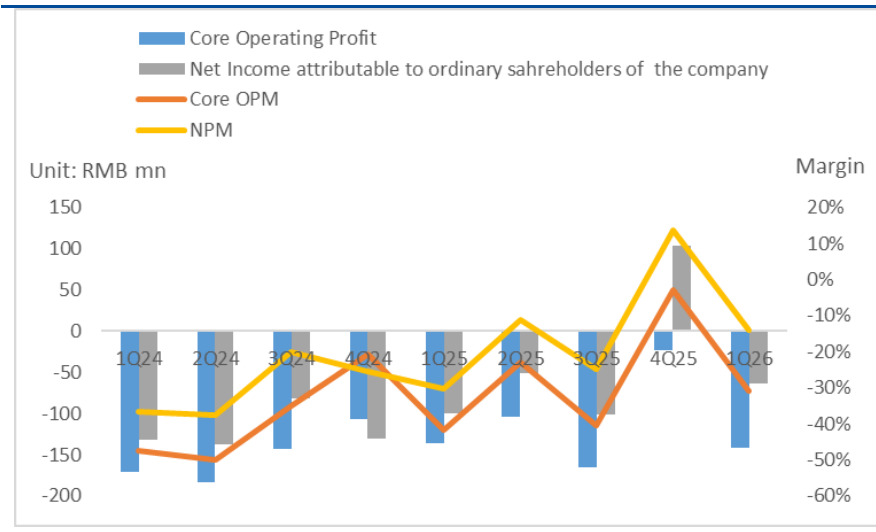
Source: Company Data, Sunwah Kingsway Research

Fig 4: Breakdown of OPEX



Source: Company Data, Sunwah Kingsway Research

Fig 5: Breakdown of Profitability



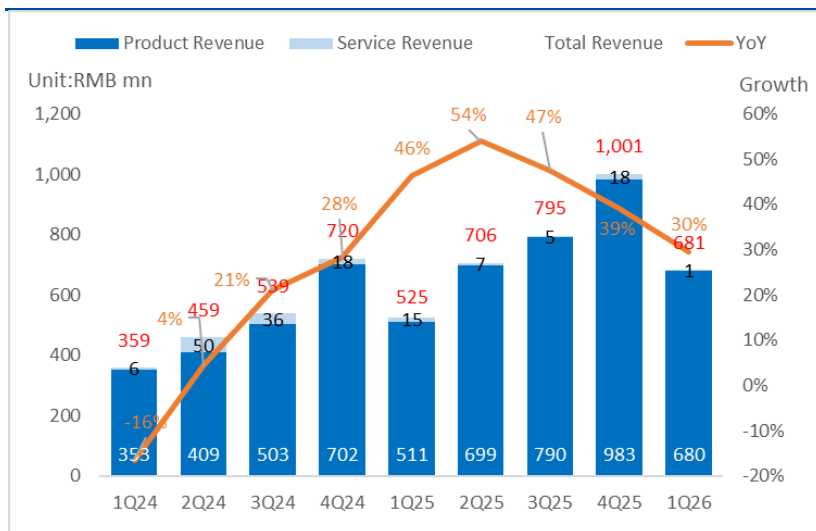
Source: Company Data, Sunwah Kingsway Research

Hesai Group (2525 HK, HK\$157.90, HK\$25bn) - Four Quarters of GAAP Profit, but Low-Value Products Pinch Margins:

It posted 1Q26 revenue of RMB681mn (+30% YoY, -32% QoQ), in line with company's guidance. Total shipments reached 472k units (+141% YoY, -25% QoQ), exceeding expectations, including 353k ADAS LiDAR units (+142% YoY, -36% QoQ), fueled by continued volume growth of the low-value ATX series and initial ramp-up of the low-value blind-spot FTX model. Robotics LiDAR shipments totaled 118k units (+138% YoY, +47% QoQ), driven primarily by the low-priced JT series for applications such as lawn mowers. The blended LiDAR ASP declined further to RMB1.44k, pressured by a higher mix of low-priced products and additional discounts on ATX units for major customers like BYD and Geely.

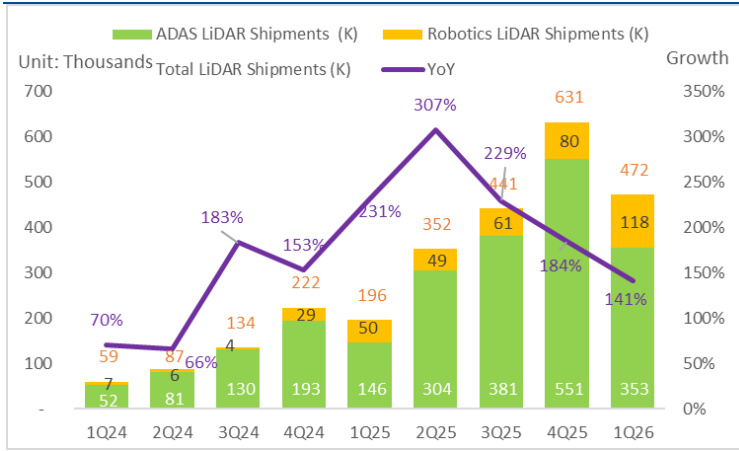
During the period, GPM slid to 39.1% from 41% in 1Q25. Core operating profit swung to a loss of RMB32.9mn from a profit of RMB19.0mn in 3Q25 despite this quarter's shipments being 31k units higher, underscoring the earnings pressure from lower ASP. The company has already achieved four consecutive profitable quarters with a 2.7% net margin in 1Q26. It is expected this profit momentum will sustain as the volume continues to grow.

Fig 1: Total Revenue (RMB'mn)



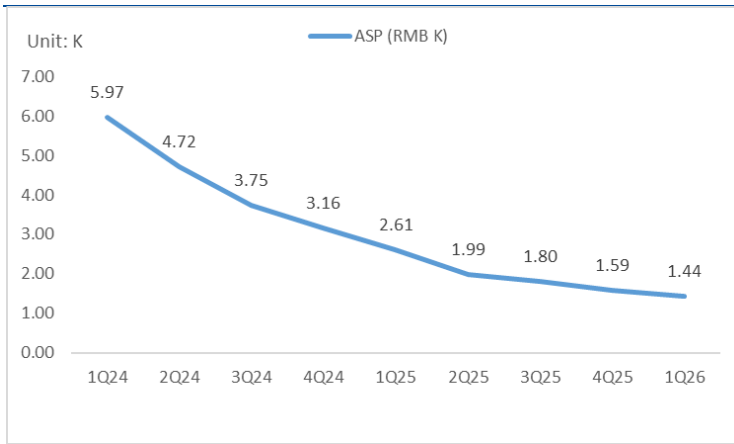
Source: Company Data, Sunwah Kingsway Research

Fig 2: Breakdown of Lidar Shipments



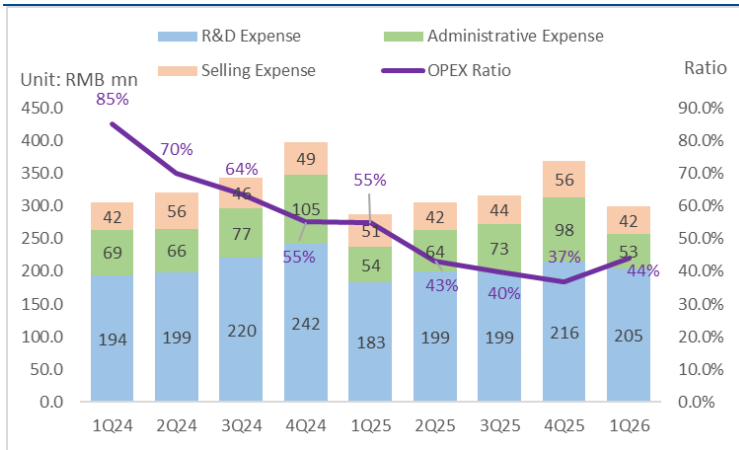
Source: Company Data, Sunwah Kingsway Research

Fig 3: Breakdown of Lidar ASP (RMB' k)



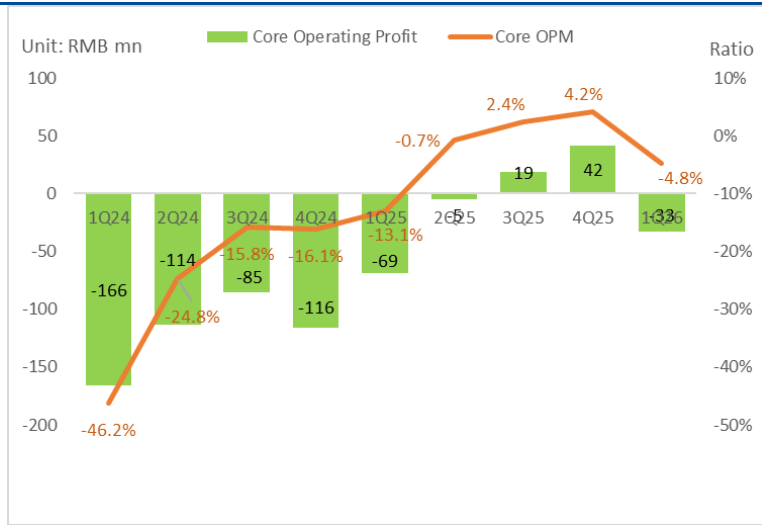
Source: Company Data, Sunwah Kingsway Research

Fig 4: Breakdown of OPEX



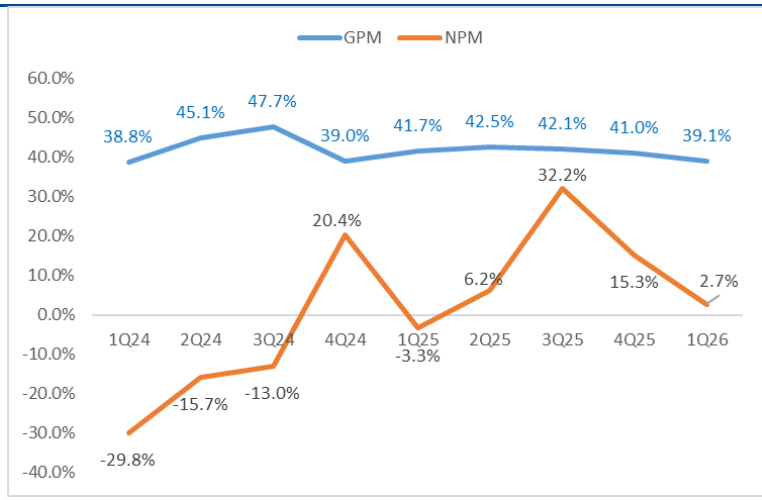
Source: Company Data, Sunwah Kingsway Research

Fig 5: Breakdown of Core Operating Profit



Source: Company Data, Sunwah Kingsway Research

Fig 6: Breakdown of Profitability



Source: Company Data, Sunwah Kingsway Research

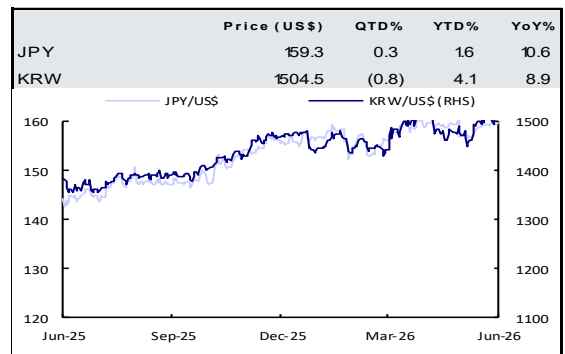
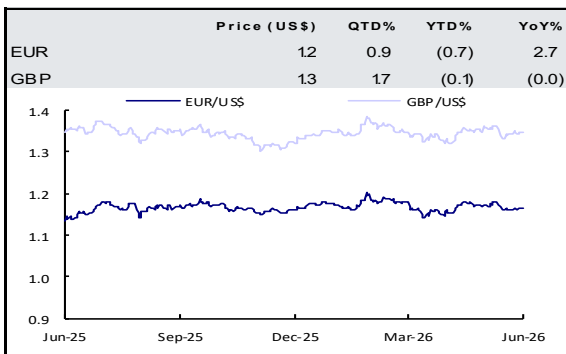
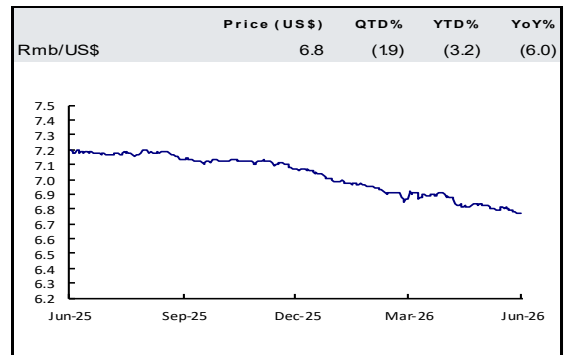
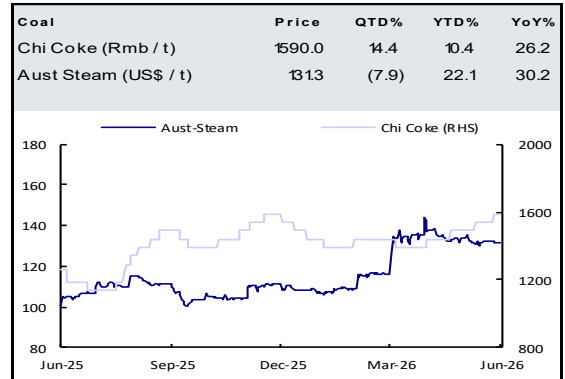
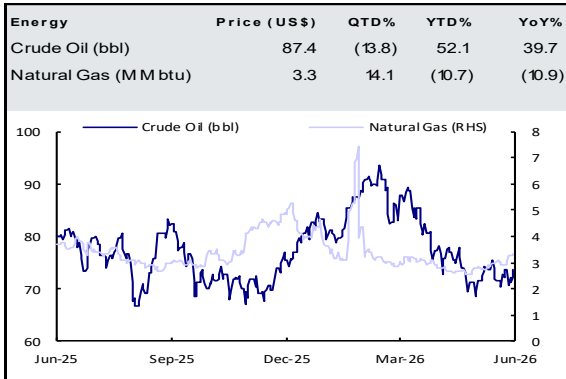
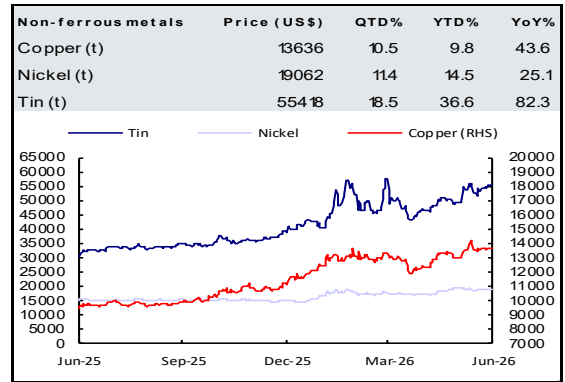
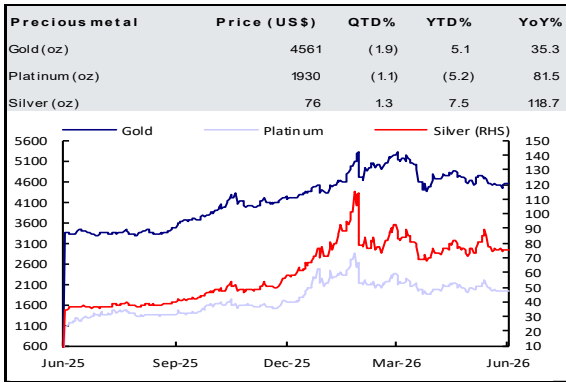
Our views: Despite near-term headwinds from softer automotive demand and intensifying price competition in the ADAS segment, we maintain a positive view as the rising ADAS penetration in the auto sector and robotics demand fueled by physical AI. We maintain our constructive view on Hesai.

Hesai further strengthened its lead in the main automotive LiDAR market. According to Gasgoo data, its market share in China ranked first for 14 consecutive months, hitting 55% in March 2026. Meanwhile, its strategic partnership with Mercedes-Benz has brought the company to the international market and it is expected to drive its export market.

On technology, Hesai has launched the world's first 6D full-color SPAD-SoC chip "Picasso", giving LiDAR color perception for high-level autonomous driving. Meanwhile, through its new Strategic Growth Initiative (SGI), Hesai unveiled its first spatial intelligence device "Kosmo", which is expected to open up more opportunities in the robotics markets.

High-end ETX products and high-margin overseas orders should start contributing in a meaningful way going into 2027. In the near-term, price competition to secure market share may put pressure on profitability. The counter is trading at 3.8x EV/Revenue and 38x P/E for FY26E. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Factory Orders	MoM		3-Jun-26
Initial Jobless Claims	WoW		4-Jun-26
Wholesale Inventories	MoM		9-Jun-26
Existing Home Sales	MoM		9-Jun-26
PPI	MoM		11-Jun-26
Industrial Production	MoM		15-Jun-26
Housing Starts / Building Permits	MoM		16-Jun-26
Business Inventories	MoM		17-Jun-26
New home Sales	MoM		24-Jun-26
Consumer Confidence	MoM		30-Jun-26
GDP	QoQ		25-Jun-26
CPI	MoM		10-Jun-26
ISM Manufacturing PMI	MoM		1-Jun-26
Personal Income & Spending	MoM		25-Jun-26
Durable Goods Orders	MoM		3-Jun-26
Trade Balance	MoM		9-Jun-26
Employment Report	MoM		5-Jun-26
Retail Sales	MoM		17-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Jun-26
Money Supply - M2	MoM		9-Jun-26
Trade Balance	MoM		9-Jun-26
PPI	MoM		10-Jun-26
CPI	MoM		10-Jun-26
Retail Sales	MoM		16-Jun-26
Industrial Production	MoM		16-Jun-26
PMI Manufacturing	MoM		30-Jun-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		2-Jun-26
PMI	MoM		3-Jun-26
Foreign Currency Reserve	MoM		5-Jun-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Unemployment Rate	MoM		16-Jun-26
CPI	MoM		23-Jun-26
Trade Balance	MoM		25-Jun-26
Money Supply - M2	MoM		30-Jun-26
GDP	QoQ		31-Jul-26
Composite Interest Rate	MoM		

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