

What's Hot Today:

► Woer (9981 HK, HK\$17.66, HK\$24.7bn): AI Data Centers' Hidden Copper Enabler

Woer is currently the world's second largest high-speed copper cable maker (24.2% share), supplies critical interconnects for AI data centers where future growth hinges on high-speed cables and EV charging, both poised for strong elasticity as AI capex and EV adoption accelerate. It is also the world's largest heat-shrinkable materials that command vast applications and usages.

Revenue Growth Sustained, Earnings Under Pressure: Woer reported 1Q26 revenue of RMB2.03bn (+15% YoY, -14% QoQ). GPM fell from 32.5% to 30.5% due to lower high-margin power/wind power sales and delayed raw material pass-through. Rising operating expenses (finance costs +390% YoY on FX losses) drove attributable profit down 7.6% YoY to RMB231m, with NPM at 12% (vs. 14% in 1Q25). Excluding FX losses, core operating profit grew 4% YoY to RMB300m, indicating solid operations. More importantly, AI high-speed copper cable revenue reached an estimated RMB420m (+45% QoQ) with 45% GPM, contributing to some RMB189m of gross profit (30% of total gross profit), making it the only segment with incremental revenue and profit growth.

China & HK Indices	CLOSE	1D	YTD
HSI	25,978	0.2%	1.4%
HSCEI	8,775	0.5%	-1.5%
HSCCI	4,362	-0.1%	8.6%
CSI300	4,769	-0.4%	3.0%
Shanghai A	4,278	-0.3%	7.1%
Shanghai B	271	0.8%	7.1%
Shenzhen A	2,870	-0.6%	8.4%
Shenzhen B	1,194	0.2%	-5.6%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,230	-0.2%	2.4%
S&P 500	7,165	0.8%	4.7%
Nasdaq	24,836	1.6%	6.9%
NIKKEI Index	59,767	0.1%	18.7%
FTSE Index	10,379	-0.7%	4.5%
CAC Index	8,157	-0.8%	0.1%
DAI Index	24,128	-0.1%	-1.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,709	0.3%	8.4%
STEEL (US\$/oz.)	3,095	-0.1%	21.7%
SILVER (US\$/oz.)	75	0.4%	4.8%
CRUDE OIL (US\$/bbl)	94	-1.5%	67.7%
COPPER (US\$/oz.)	13,309	-0.9%	7.1%
ALUMINIUM (US\$/oz.)	3,591	-0.6%	19.9%
PLATINUM (US\$/oz.)	2,017	0.3%	-2.9%
ZINC (US\$/oz.)	3,472	0.1%	11.4%
WHEAT (US\$/bu)	608	-0.4%	21.3%
CORN (US\$/bu)	463	-0.1%	2.5%
SUGAR (US\$/lb)	113	3.4%	
SOYBEAN (US\$/bu)	1,178	0.3%	10.2%
PVC (US\$/t)	5,191	-0.2%	62.5%
CRB	379	0.2%	3.0%
BDI		-0.4%	42.0%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.836	0.853	159.380	0.785	6.832
HKD	0.128		0.109	20.339	10.016	0.872
EUR	1.172	9.184		186.860	1.087	8.007
JPY	0.006	4.917	0.535		0.493	0.043
CHF	1.274	9.984	1.087	203.063		8.702
RMB	0.146	1.147	0.125	23.334	0.115	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	18	7.0%

Source: Bloomberg

Fig 1: Revenue and YoY Change (RMB'bn)

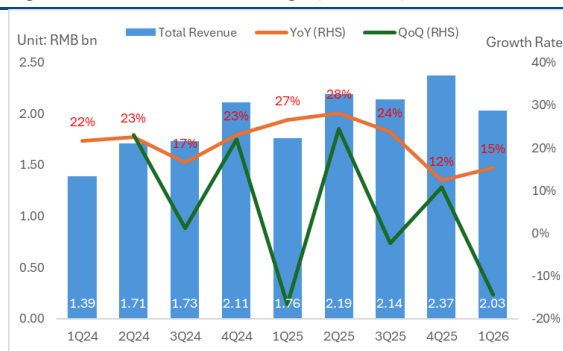
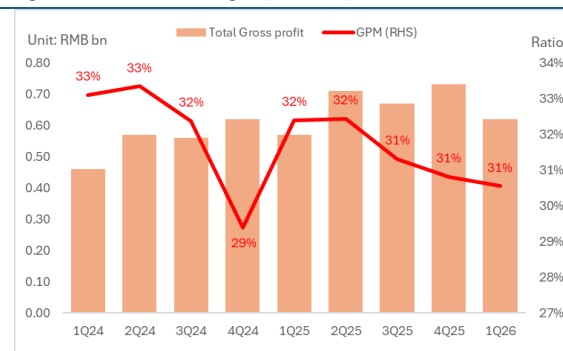


Fig 2: Gross Profit Margin (RMB'bn)



Source: Company Data, Sunwah Kingsway Research

Fig 3: Breakdown of OPEX (RMB'bn)

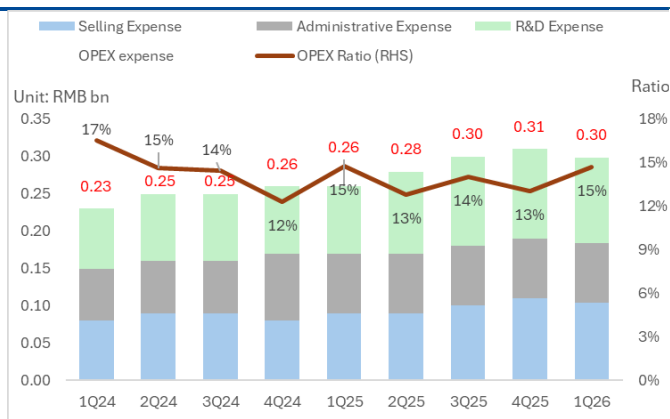
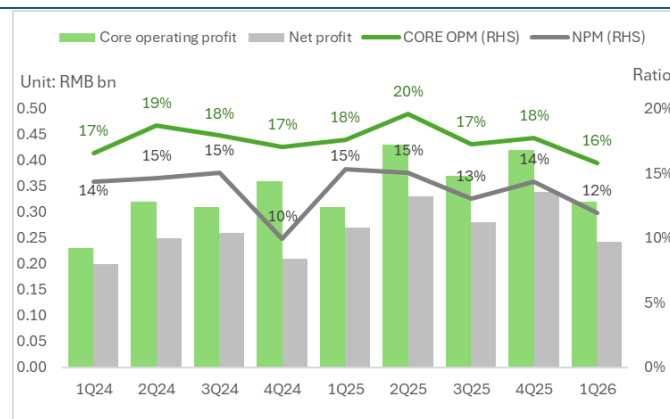


Fig 4: Breakdown of Profitability (RMB'bn)



Source: Company Data, Sunwah Kingsway Research

Based on 2020-2025 financials, we analyze the business model and revenue trend of each segment:

Stable Growth, Profitable Cornerstone: Electronic materials provide heat-shrinkable tubes and identification tubes products, under proprietary brands such as WOER, LTK, and KTG. In 2024, it ranked No.1 globally (20.6%) and in China (58.5%). Revenue grew from RMB1.9bn to RMB2.9bn in 2025 (CAGR ~9%). Although its revenue share fell from 46% to 34%, the business steadily expanded. GPM fell from 45% in 2020 to 34% in 2022 due to raw material price inflation, then rebounded to 42% in 2025 on high-margin aerospace/medical products, contributing 45% of total gross profit and remaining the most stable profit cornerstone.

Technologically Advanced but Fiercer Competition: Extending its electronic materials insulation to power, the company formed its cable accessories business. It provides nuclear-grade, high-voltage shrinkable connectors for power, rail, nuclear and chemical sectors. It is China's first manufacturer of Class 1E K1-certified nuclear-grade accessories, demonstrating tech leadership. Revenue grew from RMB0.8bn to RMB1.03bn (CAGR ~5%), but GPM fell from 49% to 37% due to weaker NEV demand, fiercer competition, and price cuts to defend share.

AI-Driven Surge: Leveraging from AI data center demand, communication cables revenue grew from RMB1.04bn to RMB2.55bn (CAGR ~20%) and revenue share rising from 25 to 30%. According to its IPO prospectus, high-speed copper cable revenue surged from RMB180m in 9M24 to RMB748m in 9M25 (+4x YoY), accounting for 40% of segment revenue, thereby contributing 81% of segment revenue growth and 45% of total company revenue growth. During the same period, segment GPM reached 23%, driven by high-speed cables' 45.6% margin, significantly higher than the 5.2% for consumer & industrial cables. High-speed cables delivered 85% of the segment's gross profit, 18% of total company gross profit, and 71% of total gross profit growth, making it a key growth and profit engine.

High Growth with Margin Pressure: The NEV products segment covers the NEV charging value-chain (charging guns, DC fast/ultra-fast sockets, onboard accessories). Benefiting from sustained growth in NEV demand, revenue grew from RMB0.28bn to RMB1.7bn (CAGR 49%), with share rising to 24%. It ranked No.1 in China's DC charging gun market (>41% share) with broad OEM customer spectrum, including BYD and Geely, Chery and ChangAn. However, as the business scaled, GPM fell from 42% to 21%, largely due to price cuts for market share. In 2025, the segment contributed 14% of total gross profit, though high growth yielded limited profits.

Wind power & other businesses: In addition, the company operates three self-built wind farms (144.2MW total) selling all electricity generated to the grid. Other businesses (via Shenzhen Hualei) provide MOM/MES software to discrete manufacturers. These two businesses collectively contributed RMB314m and accounted for 4% of total revenue in 2025. Both are profitable (GPM wind power 64% / software 41%), yet their contribution to the company's overall profit is limited.

Fig 5: Revenue and YoY Change (RMB'bn)

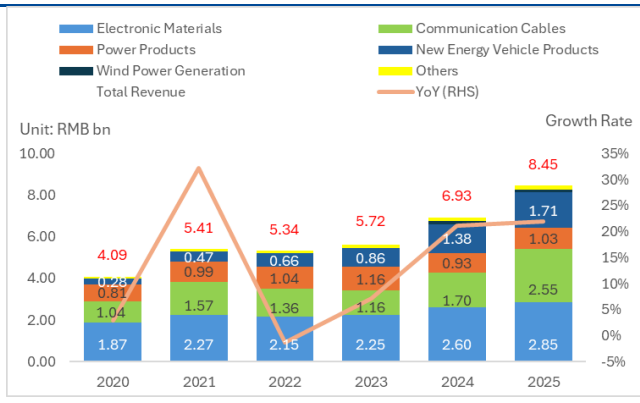
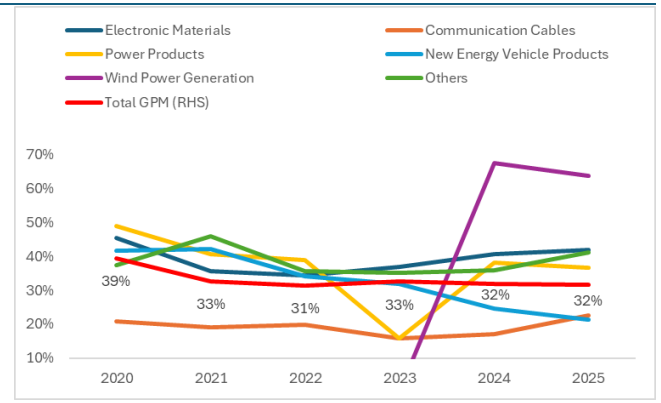


Fig 6: Gross Profit Margin



Source: Company Data, Sunwah Kingsway Research

Fig 7: Breakdown of OPEX (RMB'bn)

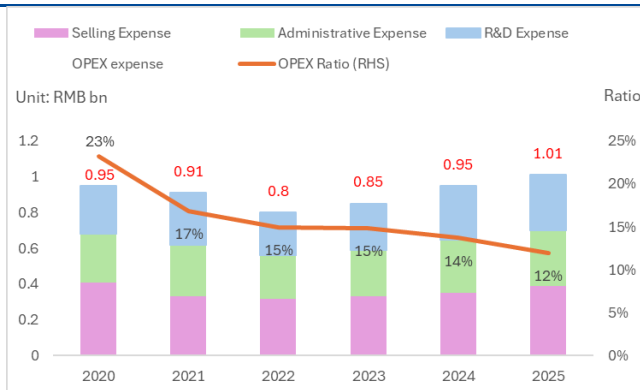
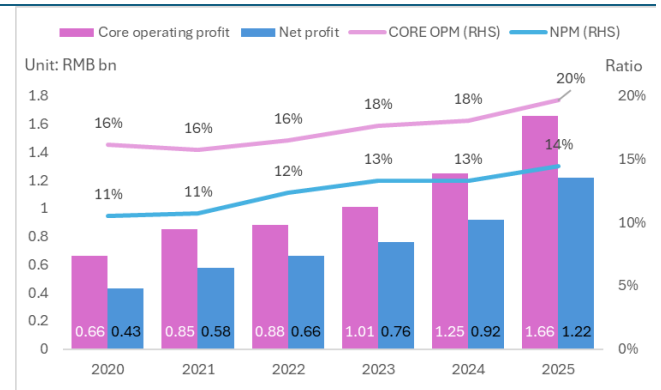


Fig 8: Breakdown of Profitability (RMB'bn)



Source: Company Data, Sunwah Kingsway Research

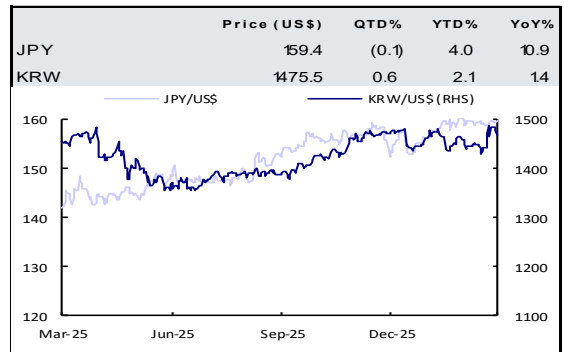
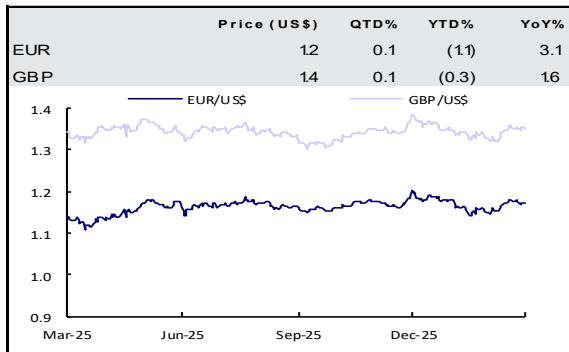
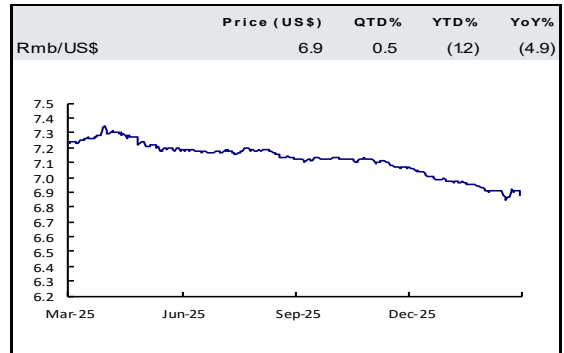
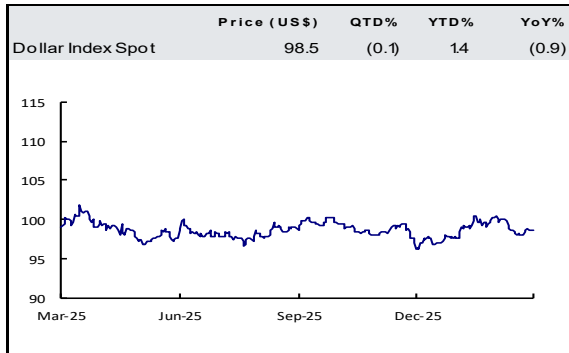
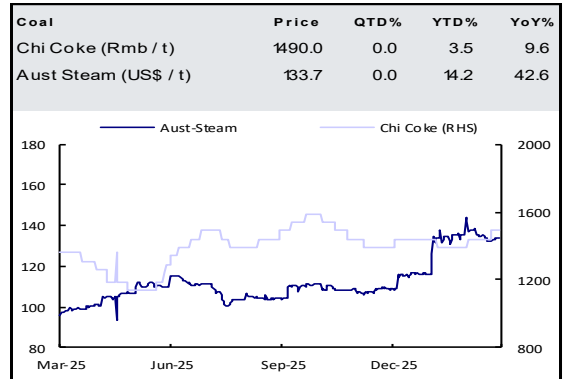
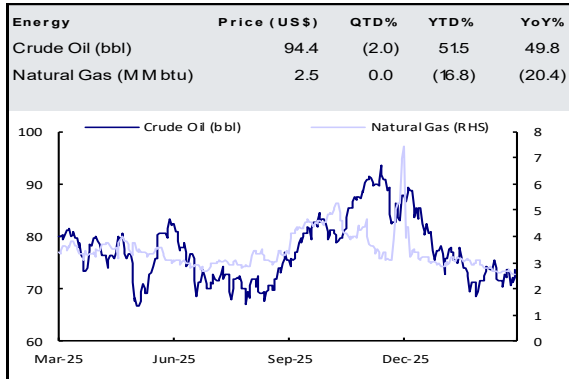
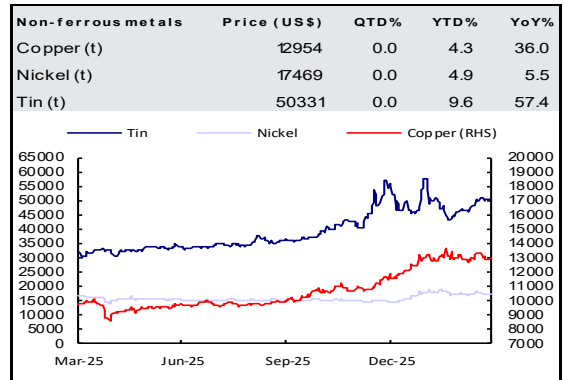
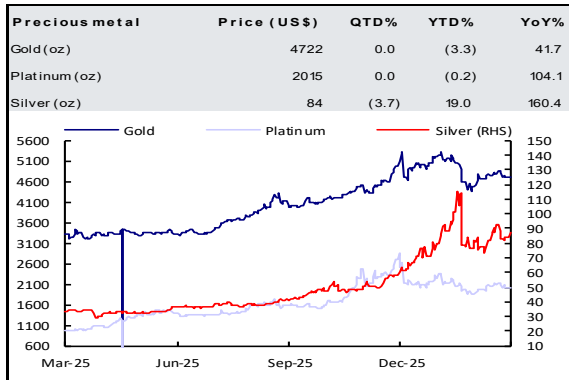
Our views: Share prices came off subsequent to the recent announced earnings, due to below expected margins and profit. However, we consider the profit pressure to be temporary as the traditional business is stable and the high-speed copper cables are growing strongly sequentially. In addition, the FX losses is one off & copper price are yet to be reflected in future prices given the company's strong pricing power.

The biggest concern around Woer is "optical replacing copper" in AI connectivity. However, NVIDIA CEO Jensen Huang clarified at GTC 2026 that both technologies will coexist: optics for longer distances (>7m) where cost and power efficiency matter but fiber supply is tight and expensive; copper for intra-rack (<3m) and adjacent-rack (3-7m) links, leveraging low latency, low power, and low cost. Copper will remain the mainstream solution for the next 3-5 years. LightCounting forecasts 2025-29E CAGR of 27% for global high-speed copper cables, with AEC (active copper cables, i.e., DAC + signal-enhancing chips) posting a 45% CAGR over 2024-2028. Expanding AI clusters will drive absolute copper demand.

Woer has locked up over 60% of China's capacity of Rosendahl foaming (global supply with 10 units/year), enabling mass production of 224G cables with its process know-how. The company is deeply embedded with connector giants like Amphenol, Molex, TE, Luxshare, and YIHUA. While a Tier-2 supplier, its partners are core AI enablers (Amphenol is the exclusive NVIDIA GB200 copper supplier). The multi-year certification process to enter these supply chains creates strong entry barrier.

Capital spending was significant in 1Q26, allocated to Huizhou and Malaysia facilities and around 10 new Rosendahl lines, boosting total capacity by 300%. Key catalysts: (1) 448G samples with key customers for validation, clearance expected in 1-2 quarters. New products should drive both performance and value upgrades; (2) as BYD's core "megawatt flash charging" supplier, BYD's plan for 20,000+ stations will directly boost liquid-cooled charging gun shipments. The counter is trading at 17x FY26E P/E. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
ISM Manufacturing PMI	MoM		1-May-26
Personal Income & Spending	MoM		30-Apr-26
Durable Goods Orders	MoM		29-Apr-26
Factory Orders	MoM		4-May-26
Initial Jobless Claims	WoW		30-Apr-26
Trade Balance	MoM		5-May-26
Wholesale Inventories	MoM		29-Apr-26
Housing Starts / Building Permits	MoM		29-Apr-26
Employment Report	MoM		8-May-26
CPI	MoM		12-May-26
Retail Sales	MoM		14-May-26
PPI	MoM		13-May-26
Existing Home Sales	MoM		11-May-26
Industrial Production	MoM		15-May-26
GDP	QoQ		30-Apr-26
Consumer Confidence	MoM		28-Apr-26
New home Sales	MoM		5-May-26
Business Inventories	MoM		14-May-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Apr-26
Foreign Exchange Reserves	QoQ		7-May-26
Money Supply - M2	MoM		9-May-26
Trade Balance	MoM		9-May-26
PPI	MoM		11-May-26
CPI	MoM		11-May-26
Retail Sales	MoM		18-May-26
Industrial Production	MoM		18-May-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		28-Apr-26
Money Supply - M2	MoM		30-Apr-26
GDP	QoQ		5-May-26
Retail Sales	MoM		6-May-26
PMI	MoM		6-May-26
Foreign Currency Reserve	MoM		7-May-26
Unemployment Rate	MoM		19-May-26
CPI	MoM		21-May-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Composite Interest Rate	MoM		

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