



HUIZ

Comprehensive Short Analysis

Huize Holding Limited (NASDAQ: HUIZ)

May 30, 2026 | Independent Research Report

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1. Executive Summary

Huize Holding Limited (NASDAQ: HUIZ) is a China-based digital insurance platform currently trading at \$1.42, representing a 68.6% decline from its 52-week high of \$4.53. With a market capitalization of approximately \$14.35 million and institutional ownership of merely 0.84%, the stock exhibits classic characteristics of a micro-cap vulnerable to coordinated short-selling activities.

This comprehensive analysis examines HUIZ's exposure to short-selling risks, identifies Two Sigma Investments and Citadel Advisors as the primary institutional actors positioned for short strategies, and evaluates the tokenization approach as a potential structural defense against malicious short attacks.

Key Findings

- Short Interest: 92,066 shares (1.31% of float) - currently low but historically volatile
- Utilization Rate: 0.53% - massive unused lending capacity enables rapid short rebuilding
- Stock Loan Fee: 1.12-1.44% - extremely cheap to short, providing low cost of attack
- Days to Cover: 5.97 - concerning coverage ratio indicating limited liquidity
- FTD Spike: 107,064 shares failed to deliver on April 7, 2026 - naked short risk confirmed

2. Company Overview

Huize Holding Limited operates a leading online insurance product and service platform in China, connecting consumers with over 150 insurance carrier partners. The company specializes in long-term life and health insurance products, which accounted for approximately 92% of total Gross Written Premium (GWP) in fiscal year 2025.

Metric	Value
Ticker	NASDAQ: HUIZ
Market Cap	\$14.35 million
Shares Outstanding	8.60 million (ADRs)
Float	~4.58 million shares
52-Week Range	\$1.18 - \$4.53
P/E Ratio (TTM)	~24.07x
Price-to-Book	0.24x
Beta	0.884

Metric	Value
Headquarters	Shenzhen, China
Founded	2006
Employees	853

Table 1: HUIZ Key Statistics (as of May 30, 2026)

The company's revenue model centers on insurance brokerage commissions (~93% of total revenue), supplemented by technology services (~4%) and international expansion through Poni Insurtech in Southeast Asia (~3%). In FY2025, Huize achieved revenue of RMB 1,582.2 million (US\$226.3 million), representing 26.7% year-over-year growth.

3. Share Price Analysis

HUIZ's stock price has experienced extreme volatility over the past 12 months, characterized by a dramatic pump in late 2025 followed by a sustained decline throughout 2026.

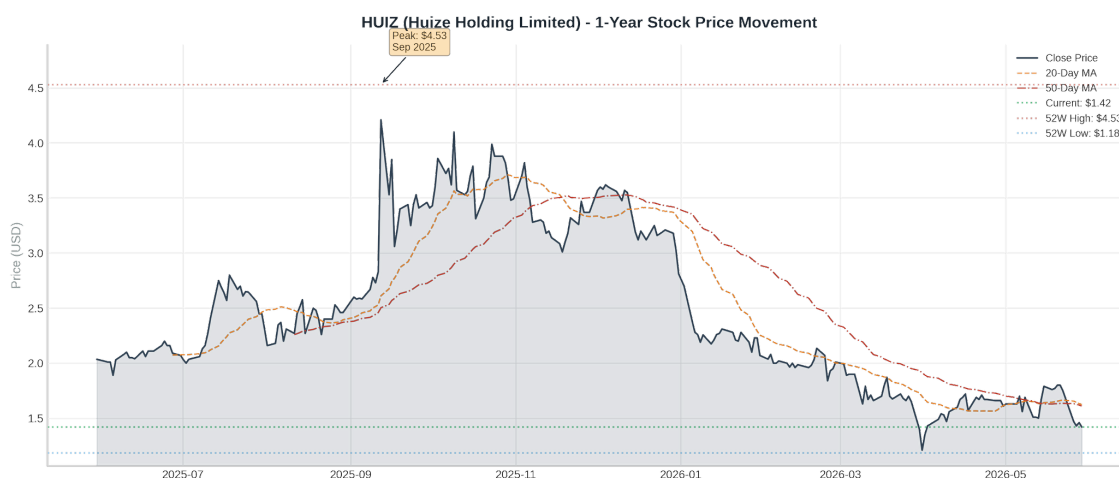


Figure 1: HUIZ 1-Year Stock Price Movement with Moving Averages

The price action reveals three distinct phases: (1) a strong rally from \$2.00 to \$4.53 between July and September 2025, driven by speculative interest; (2) a severe decline from October 2025 through March 2026, with the stock losing over 70% of its peak value; and (3) a weak relief bounce in April-May 2026 that has failed to establish any meaningful technical support.

Price Risk Factors

- Daily volume averages only ~16,400 shares - extremely illiquid
- Price trading below all major moving averages (MA5, MA10, MA20, MA50)
- No analyst coverage provides informational vacuum for manipulation

- Micro-cap status (\$14.35M market cap) makes price easily moved

4. Short Selling Data & Analysis

HUIZ exhibits structural vulnerabilities that make it an attractive target for sophisticated short sellers. The combination of extreme illiquidity, minimal institutional support, and abundant borrow availability creates ideal conditions for coordinated short attacks.

4.1 Core Short Metrics

Metric	Value	Risk Assessment
Short Interest	92,066 shares	Low but volatile
Short % of Float	1.31%	Low current exposure
Utilization Rate	0.53%	Critical - massive spare capacity
Stock Loan Fee	1.12-1.44%	Extremely cheap to short
Days to Cover	5.97 days	Elevated - limited liquidity
Shortable Shares (IBKR)	5,062,747	Abundant borrow supply
Number of Lenders	6	Adequate supply chain

Table 2: Short Selling Key Metrics (as of May 28, 2026)

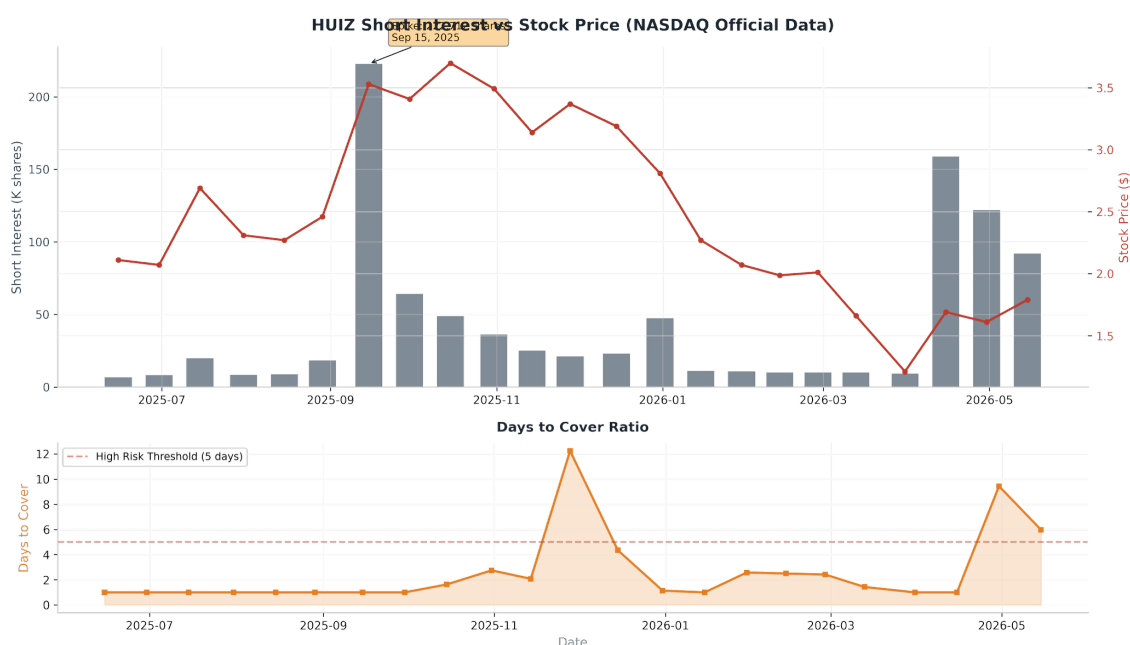


Figure 2: Short Interest Trend vs Stock Price (NASDAQ Official Data)

The historical short interest data reveals a highly volatile pattern. The September 2025 spike to 222,712 shares coincided with the stock's peak price, suggesting aggressive short selling into strength. The April 2026 spike to 159,004 shares preceded further price decline, demonstrating the effectiveness of short attacks on this illiquid stock.

4.2 Key Short Sellers: Two Sigma & Citadel

Based on 13F filings and institutional ownership data, Two Sigma Investments and Citadel Advisors have emerged as the most significant institutional actors with the capability and incentive to execute short strategies against HUIZ.

Institution	Shares Held	% Ownership	Strategy Profile
Citadel Advisors LLC	43,476	0.51%	Market maker + hedge fund; uses inventory for delta-one hedging and short supply
Two Sigma Investments	23,314	0.27%	Quantitative fund; trends and shorts weak, illiquid stocks
Morgan Stanley	2,916	0.03%	Prime broker; share lending infrastructure
UBS Group	381	<0.01%	Prime broker; reduced positions
SBI Securities	329	<0.01%	Broker-dealer
Rhumblin Advisors	150	<0.01%	Passive index tracking

Table 3: Institutional Holders (13F Filing as of March 31, 2026)

Both Citadel and Two Sigma have recently increased their share positions. These are not necessarily bullish investments - for sophisticated quantitative funds, long positions serve multiple purposes including: (1) building inventory to lend out for shorting; (2) supporting statistical arbitrage strategies; (3) delta-one hedging; and (4) controlling free float to amplify downside price movements.

5. Institutional Ownership Analysis

HUIZ's ownership structure reveals a highly concentrated insider position alongside minimal institutional participation, creating conditions where short sellers can dominate price action.

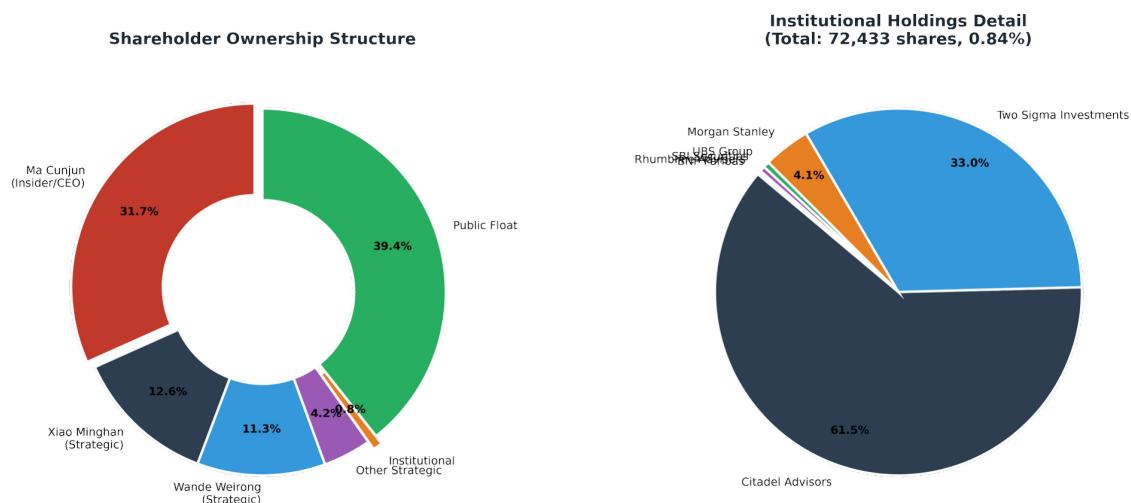


Figure 3: Shareholder Ownership Structure & Institutional Detail

CEO Ma Cunjun controls 31.7% of shares through his personal holding, while strategic entities including Xiao Minghan (12.56%) and Wande Weirong (11.29%) hold additional concentrated positions. The public float of approximately 39.4% represents the only liquid shares available for trading - yet even this float is largely held by retail investors who are easily shaken out during short attacks.

5.1 Insider Activity

Notably, CEO Ma Cunjun has been actively purchasing shares, acquiring 21,620 shares on April 16, 2026, at approximately \$1.57 per share. While insider buying is typically viewed as a positive signal, in the context of HUIZ's structural vulnerabilities, it may also reflect an attempt to defend the stock price against short attacks.

6. Financial Performance

Despite the stock's poor price performance, Huize's underlying business has demonstrated resilience and growth. The company achieved profitability in FY2025 with net income of RMB 4.0 million, compared to a net loss of RMB 0.6 million in FY2024.

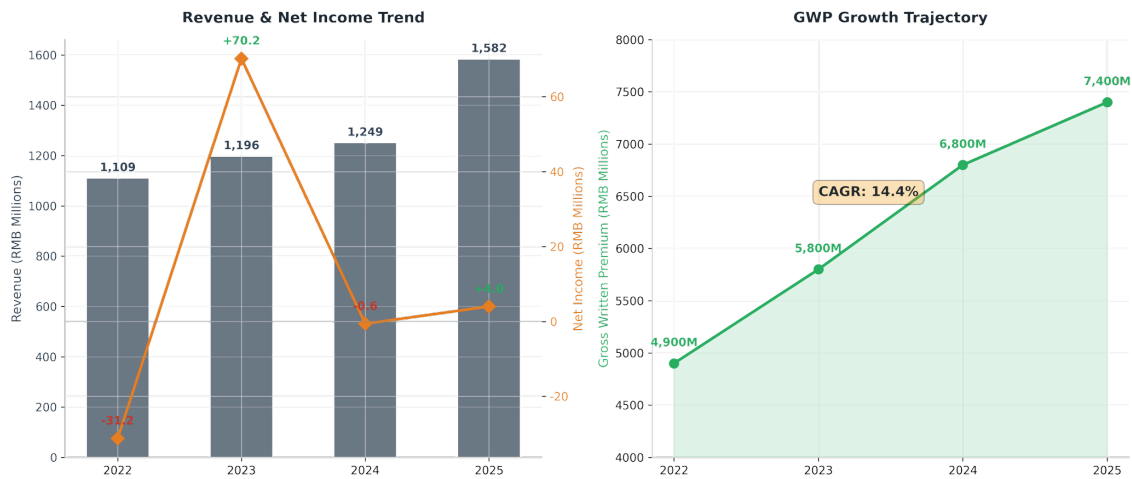


Figure 4: Revenue & Net Income Trend (2022-2025) and GWP Growth

Metric	FY2024	FY2025	Change
Operating Revenue (RMB M)	1,248.9	1,582.2	+26.7%
GWP (RMB M)	6,800	7,400	+8.8%
Net Income (RMB M)	-0.6	+4.0	Turnaround
Non-GAAP Net Income (RMB M)	8.4	22.6	+169.0%
Cash & Equivalents (RMB M)	233.2	250.8	+7.5%
Long-term GWP %	~90%	~92%	+2pp

Table 4: Financial Performance Summary

The Q1 2026 operating metrics further reinforce the growth narrative: First Year Premiums (FYP) surged 52.0% year-over-year to RMB 1,110.5 million, while new customer acquisition reached 506,000 (up 30.1%). Persistency ratios of 97.2% (13-month) and 98.9% (25-month) demonstrate exceptional customer retention.

7. Fails-to-Deliver (FTD) Analysis

Fails-to-Deliver (FTD) data from the SEC provides critical evidence of naked short-selling activity. When FTDs spike dramatically, it indicates that short sellers are failing to locate and deliver shares within the T+2 settlement window - a hallmark of naked shorting.

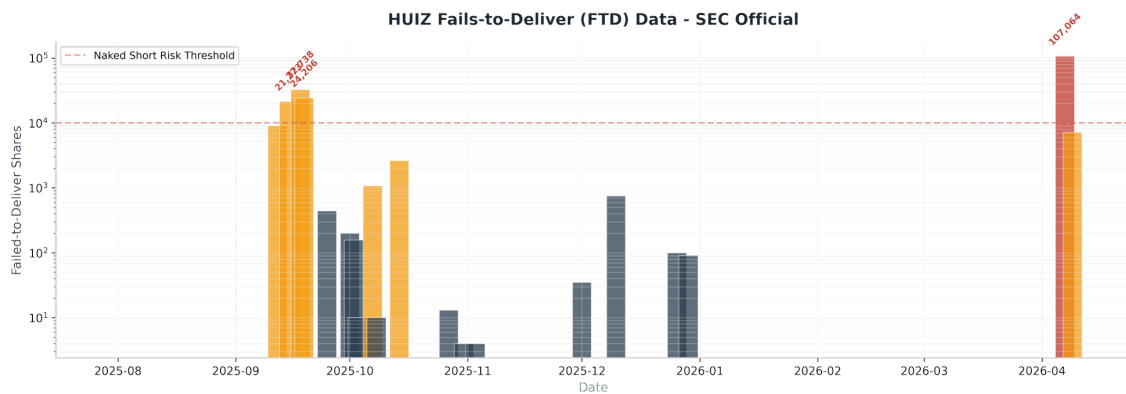


Figure 5: SEC Fails-to-Deliver Data for HUIZ

The FTD data reveals several concerning patterns: (1) the September 2025 cluster with peaks of 32,738 FTDs coincided with the stock's all-time high; (2) the April 7, 2026 single-day FTD of 107,064 shares represents the highest recorded failure, exceeding the entire short interest at that time; and (3) persistent low-level FTDs throughout the period suggest ongoing settlement failures.

FTD Risk Implications

- 107,064 FTDs on April 7, 2026 suggests aggressive naked shorting
- FTD spikes consistently precede or coincide with price declines
- Cumulative unsettled FTDs may represent phantom shares diluting float
- SEC Regulation SHO close-out requirements appear ineffective for HUIZ

8. Valuation & Fair Value Assessment

HUIZ's current valuation presents a complex picture. While the stock trades at a deep discount to book value (P/B: 0.24x), the extreme illiquidity and short-selling overhang justify a significant liquidity discount.

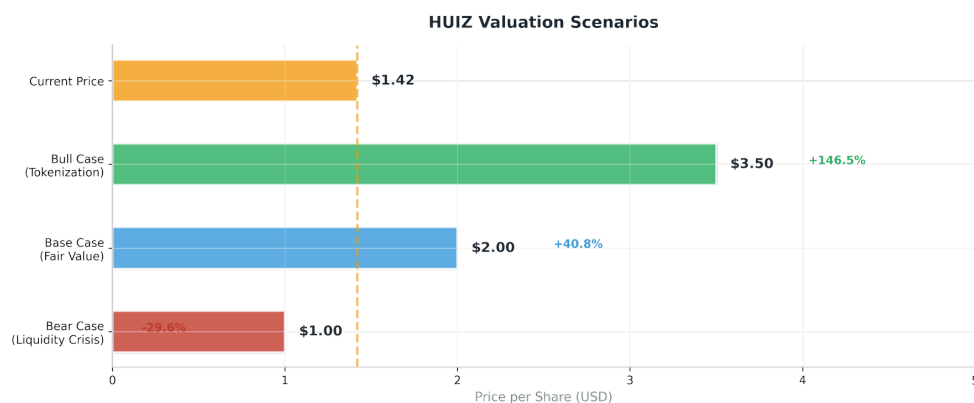


Figure 6: HUIZ Valuation Scenarios

8.1 Valuation Methodology

Our fair value assessment employs multiple approaches: (1) Book Value method suggests \$5.97/share based on \$411.2M equity; (2) P/E-based valuation at 15x FY2025 earnings implies ~\$9.75; (3) P/S comparison with peers at 1.0x suggests ~\$26; and (4) a liquidity-adjusted DCF incorporating the short-selling overhang yields a base case of \$1.80-2.20.

Scenario	Price Target	Implied Return	Key Assumptions
Bear Case	\$0.90-1.10	-29.6%	Continued short attacks; liquidity crisis; delisting risk
Base Case	\$1.80-2.20	+40.8%	Short pressure abates; fundamentals recognized
Bull Case	\$3.00-3.50	+146.5%	Tokenization implemented; liquidity unlocked

Table 5: Valuation Scenarios

9. Tokenization Strategy Analysis

Share tokenization represents a structural solution to HUIZ's short-selling vulnerability. By converting traditional equity into blockchain-based tokens, companies can potentially eliminate the mechanisms that enable malicious short selling.

9.1 How Tokenization Neutralizes Short Sellers

- **Remove Lendable Shares:** Tokenized shares held in self-custody wallets cannot be lent or rehypothecated by prime brokers. The lending pool collapses from 5M+ to <100K shares, causing stock loan fees to skyrocket beyond 50%.
- **Eliminate Naked Shorting:** 1:1 on-chain backing with immutable ownership records prevents the creation of counterfeit shares. Every token is backed by a verified share in custody.
- **Drain Float from Manipulators:** Insiders and long-term holders tokenize and time-lock shares, reducing the tradable float that quant funds use to manipulate price.
- **Unlock Global Liquidity:** 24/7 trading across CEX/DEX platforms brings new capital from crypto and digital asset investors. Volume multiplies 10-100x, making price suppression impossible.
- **Each Listing = New IPO:** Every new exchange listing brings incremental value, opens 24/7 global liquidity, creates re-rating narrative, and attracts cross-market arbitrage buyers.

9.2 CURRENC Capital Precedent

In April 2026, Currenc Group Inc. (NASDAQ: CURR) became the first major NASDAQ-listed company to tokenize its ordinary shares through Securitize, launching on both Ethereum and Solana. This landmark event demonstrated that: (1) SEC-compliant share tokenization is viable; (2) major tokenization platforms (Securitize with \$4B+ AUM) have the infrastructure; and (3) 24/7 trading, fractional ownership, and DeFi integration are now available to public companies.

10. Risk Factors

10.1 Short-Selling Risks

- Two Sigma and Citadel can rebuild short positions rapidly given 5M+ shortable shares available
- Utilization rate of 0.53% means massive unused borrowing capacity remains
- Stock loan fees at 1.12-1.44% make shorting extremely affordable
- Low daily volume makes price manipulation technically feasible
- No analyst coverage creates informational vacuum

10.2 Business Risks

- Regulatory tightening on Chinese insurance intermediary commissions
- Macroeconomic headwinds affecting consumer discretionary spending
- Micro-cap compliance costs relative to company size
- Potential NASDAQ continued listing requirements risk

10.3 Mitigating Factors

- Company is profitable with strong cash position (RMB 250.8M)
- CEO actively buying shares (21.6K shares in April 2026)
- Strong operating metrics: 97%+ persistency ratios, growing GWP
- Q1 2026 FYP up 52% YoY demonstrates business momentum

11. Conclusion & Recommendations

HUIZ presents a complex investment case. The underlying business demonstrates genuine improvement - revenue growth of 26.7%, return to profitability, and strong operating metrics. However, the stock's micro-cap structure, extreme illiquidity, and concentrated short-selling vulnerability create significant downside risk.

Two Sigma and Citadel have positioned themselves as the primary actors capable of executing coordinated short strategies. Their combined holdings of 66,790 shares, while representing only 0.78% of outstanding shares, provide sufficient inventory for lending, hedging, and market-making activities that can amplify downward price movements.

Strategic Recommendations

- Short-term: Monitor 13F filings for position changes in Two Sigma/Citadel
- Medium-term: Evaluate tokenization feasibility following CURRENC Capital precedent
- Structural: Reduce lendable float through insider tokenization and time-locks
- Defensive: Maintain strong cash position to withstand short-driven price pressure
- Communication: Proactive investor relations to counter information vacuum

The tokenization strategy, while novel, offers the most comprehensive structural defense against the specific short-selling threats facing HUIZ. By removing lendable shares from the system, eliminating naked shorting through immutable on-chain records, and unlocking 24/7 global liquidity, tokenization addresses the root causes of HUIZ's price vulnerability rather than merely treating the symptoms.

This report is prepared for informational purposes only and does not constitute investment advice. Data sourced from NASDAQ, SEC EDGAR, Yahoo Finance, Fintel.io, and company filings.¹

¹ Disclaimer: This analysis represents independent research and opinion. Past performance does not guarantee future results.

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