招银国际
CMB INTERNATIONAL

CMBI Research Focus List

Our best high conviction ideas

16 Jan 2025

CMBI Focus List – Long and short ideas

Company	Ticker	Sector	Rating	M cap (US$ bn)	3M ADTV (US$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY23A	P/E (x) FY24E	P/B (x) FY23A	ROE (%) FY23A	Yield FY23A	Analyst
Long Ideas														
Geely Automobile	175 HK	Auto	BUY	18.1	144.5	13.96	19.00	36%	24.50	7.80	1.60	6.8	1.6%	Shi Ji/ Wenjing Dou
Xpeng Inc.	XPEV US	Auto	BUY	12.4	152.7	13.05	16.00	23%	N/A	N/A	2.20	N/A	N/A	Shi Ji/ Wenjing Dou
Zoomlion	1157 HK	Capital Goods	BUY	8.3	9.5	5.75	6.80	18%	11.60	10.40	0.80	6.4	6.4%	Wayne Fung
China Hongqiao	1378 HK	Capital Goods	BUY	14.5	46.3	11.90	19.60	65%	8.70	6.20	1.10	13.0	5.5%	Wayne Fung
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	8.5	38.3	25.39	33.80	33%	19.20	19.00	5.70	34.9	0.0%	Walter Woo
Anta	2020 HK	Consumer Discretionary	BUY	28.8	98.4	79.50	126.68	59%	N/A	19.10	N/A	N/A	N/A	Walter Woo
Yum China	9987 HK	Consumer Discretionary	BUY	16.5	24.0	338.80	450.26	33%	22.30	19.70	N/A	11.6	1.2%	Walter Woo
Proya	603605 CH	Consumer Staples	BUY	4.5	63.7	83.78	133.86	60%	28.50	22.50	7.70	30.30	1.6%	Miao Zhang/ Bella Li
CR Beverage	2460 HK	Consumer Staples	BUY	3.4	13.3	11.00	18.84	71%	18.60	18.30	3.40	21.30	0.0%	Miao Zhang/ Bella Li
BeOne	ONC US	Healthcare	BUY	22.5	70.3	201.72	282.71	40%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
United Imaging	688271 CH	Healthcare	BUY	14.0	85.4	124.39	162.81	31%	N/A	69.80	N/A	N/A	N/A	Jill Wu/ Cathy Wang
CPIC	2601 HK	Insurance	BUY	37.3	38.5	22.50	35.50	58%	N/A	N/A	0.89	12.2	4.4%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	34.2	39.4	11.98	14.00	17%	N/A	N/A	1.10	10.8	4.3%	Nika Ma
Tencent	700 HK	Internet	BUY	450.1	1226.5	380.00	525.00	38%	20.80	14.60	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
NetEase	NTES US	Internet	BUY	67.0	119.3	103.92	125.50	21%	13.80	13.80	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	196.4	1273.4	82.44	132.20	60%	N/A	20.30	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao Lu
Greentown Service	2869 HK	Property	BUY	1.5	1.5	3.78	6.13	62%	15.90	13.30	1.60	8.3	4.5%	Miao Zhang/ Bella Li
FIT Hon Teng	6088 HK	Technology	BUY	3.1	15.7	3.30	4.38	33%	23.10	16.20	1.20	5.3	N/A	Alex Ng/ Hanqing Li
Xiaomi	1810 HK	Technology	BUY	109.6	627.8	34.00	Under review	N/A	39.70	30.90	5.50	11.3	N/A	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	11.0	75.0	37.85	44.41	17%	19.00	17.40	3.20	14.7	1.8%	Alex Ng/ Hanqing Li
Innolight	300308 CH	Semi	BUY	17.4	699.7	113.82	186.00	63%	74.40	23.00	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	28.4	470.4	391.94	426.00	9%	61.00	35.00	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Kingdee	268 HK	Software & IT services	BUY	3.9	28.9	8.49	10.80	27%	N/A	N/A	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao Lu

Source: Bloomberg, CMBIGM, Price as of 16/1/2025 11:30 a.m.

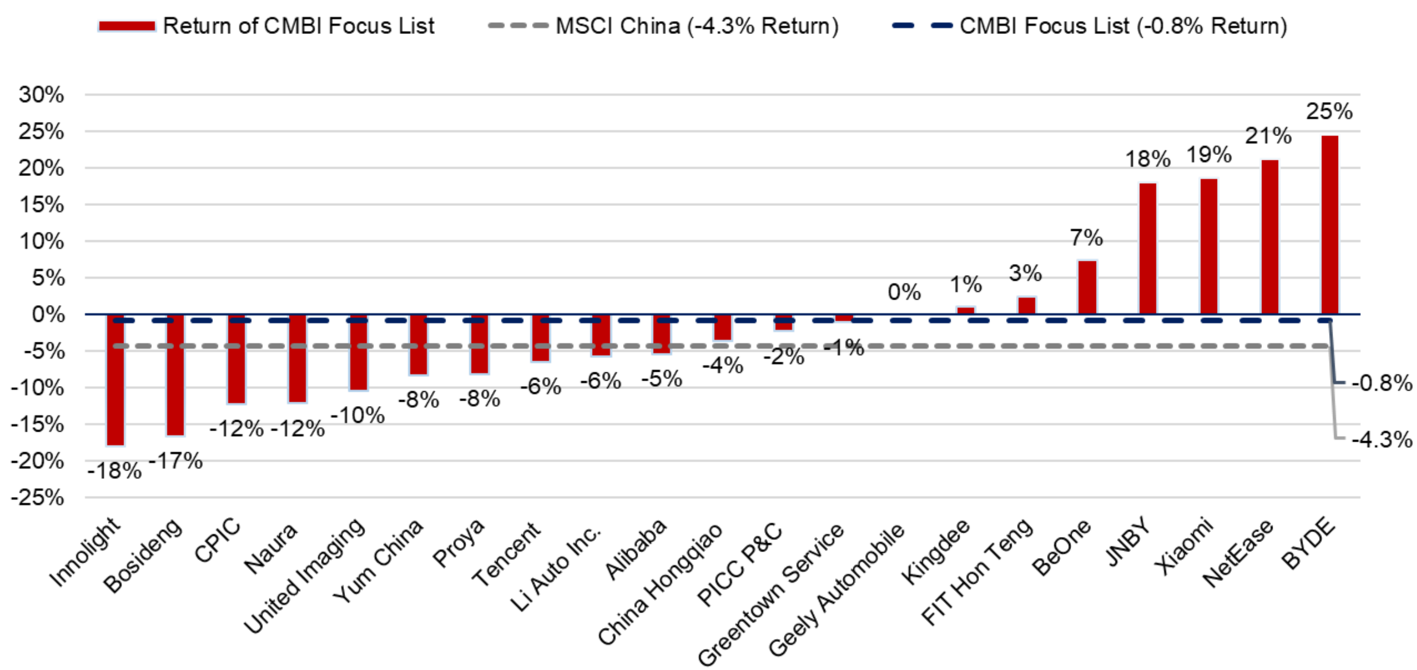
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Xpeng Inc.	XPEV US	Auto	BUY	Shi Ji/ Wenjing Dou	We expect Xpeng's net loss to narrow significantly in FY25E and turn to positive territory in FY26E. We believe the new model launches and sales ramp-ups in 2025 could be positive catalysts for Xpeng's share price.
Zoomlion	1157 HK	Capital Goods	BUY	Wayne Fung	We expect the emerging market growth trajectory will continue in 2025E. In the near term, continuous buyback will serve as a share price catalyst.
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	Walter Woo	We expect SSSG to slowly turn around and margin to further improve, thanks to: 1) easing competition, 2) launches of various innovative and hit products, 3) further cut in costs per cup and 4) improvement in operating efficiency. And the valuation is still attractive in terms of P/E and PEG.
Anta	2020 HK	Consumer Discretionary	BUY	Walter Woo	We think profitability in FY24E is intact and FY25E is constructive, supported by: 1) Anta/ FILA brand continual turnaround, 2) explosive sales and profit growth from outdoor business segment. And the downside is likely limited with 3%+ dividend yield and shares buyback programme (3%+ of current market cap).
CR Beverage	2460 HK	Consumer Staples	BUY	Miao Zhang/ Bella Li	1. Market expectations for consumer sentiment in 2025 are still weak. Staples names are more defensive and CR Beverage is one of the leading players. 2. There is high visibility that the company's earnings will outpace comparable peers in 2025, given its strategic expansion. 3. The current valuation is notably lower than that of comparable peers, and we think it is undervalued.
Deletions					
Li Auto Inc.	LI US	Auto	BUY	Shi Ji/ Wenjing Dou	We still believe Li Auto has superb product design capabilities and maintain our forecasts for its new BEV models in FY25E. The stock price may lack catalysts in 1H25, as more information about the BEVs is yet to be released.
Bosideng	3998 HK	Consumer Discretionary	BUY	Walter Woo	While we are still confident about the long-term demand for quality apparel, we have become more cautious in the near term, due to warmer-than-expected winter and early CNY in 2025.
JNBY	3306 HK	Consumer Discretionary	BUY	Walter Woo	While we are still confident about the long-term demand for quality apparel, we have become more cautious in the near term, due to warmer-than-expected winter and early CNY in 2025.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 19 Nov 2024, we highlighted a list of 21 long ideas.
- The basket (equal weighted) of these 21 stocks outperformed MSCI China index by 3.5ppts, delivering -0.8% return (vs MSCI China -4.3%).
- Four of these stocks delivered 18% return or more, and eight outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 19 Nov 2024 to 15 Jan 2025

Long Ideas

Geely Automobile (175 HK) – Will 2025 be a replica of 2016 for Geely?

Rating: BUY | TP: HK$19.00 (36% upside) Analysts: SHI Ji/ DOU Wenjing

- **New GEA plaform with EM-i hybrid technology to boost NEV sales.** By simplifying its CMA platform to the GEA platform and its hybrid architecture to the Leishen EM-i (P1+P3 with a reducer), we estimate Geely's NEV bill of materials (BOM) cost to reduce by RMB5,000-7,000 per vehicle. The pricing of the recent launched models, including the *Galaxy E5* EV, *Starwish* EV and *Starship 7* PHEV, has underscored its cost reduction efforts, which has also led to great sales volume. We project Geely's total NEV sales volume to rise 50% YoY to 1.31mn units in FY25E, accounting for 55% of our projected Geely's total sales volume of 2.38mn units (+10% YoY).
- **Brand integration to refocus**. Zeekr is to hold 51% of Lynk & Co's equity interest and leads the brand's development after the reorganization in 1H25E. We believe such changes will help differentiate both brands' positioning, mitigate sales cannibalization and cut redundant investments. Zeekr and Lynk & Co plan to launch three and two brand-new models in 2025, including Zeekr's first extended-range electric vehicle (EREV) model. That, along with the sales network combination between Geometry and Galaxy, reminds us of the brand combination of Emgrand, Gleagle and Englon in 2014, after which Geely's sales volume rose 22%, 50% and 62% YoY in FY15-17.
- **Earnings forecast/Key risks.** Excluding the one-off gain of RMB7.5bn from establishing the Horse JV, we estimate Geely's core net profit to rise 36% YoY from RMB9.1bn in FY24E to RMB12.5bn in FY25E. Recent share purchases by Mr. Shufu Li and management also reflect their confidence in Geely's outlook. We reiterate BUY with TP of HK$19.00, based on sum-of-the-parts valuation, including HK$4.00 for the Zeekr portion based on 0.7x Zeekr's core FY25 P/S and HK$15.00 for Geely's all other businesses based on 12x FY25E P/E.
- **Link to latest report:** Automobile (175 HK) - 3Q24 NEV sales and profits pave way for FY25

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	147,965	179,204	240,904	276,930
YoY growth (%)	45.6	21.1	34.4	15.0
Net profit (RMB mn)	5,260.4	5,308.4	16,595.9	12,459.0
YoY growth (%)	8.5	0.9	212.6	(24.9)
EPS (Reported) (RMB)	0.52	0.53	1.65	1.23
P/E (x)	24.6	24.5	7.8	10.5
P/B (x)	1.7	1.6	1.4	1.3
Yield (%)	1.5	1.6	2.5	3.4
ROE (%)	7.3	6.8	19.3	12.9
Net gearing (%)	(33.2)	(38.8)	(46.4)	(54.8)

Source: Company data, Bloomberg, CMBIGM estimates

Xpeng Inc. (XPEV US) – Early signs of breakeven as sales are set to surge

Rating: BUY **| TP:** US$16.00 (23% upside)

Analysts: Shi Ji/ Dou Wenjing

- **Sales volume to more than double YoY in FY25E.** We are of the view that the Mona M03 and P7+ have helped Xpeng better understand key elements of a successful model, including product design, marketing and pricing, not just focusing on autonomous driving technology. The initial success of these two models would also help Xpeng better understand its target customers' needs and increase the chance of success for its four brand-new models (including its first extend-range electric vehicle (EREV)) in 2025. Its sales volume in Oct-Nov 2024 has also demonstrated its improving supply chance management. We project Xpeng's sales volume to rise 110% and 26% YoY to 390,000 units and 490,000 units in FY25-26E, respectively.

- **We see early signs of net profit breakeven.** We estimate the gross margin of the P7+ and new models in 2025 to exceed 10%, driving Xpeng's overall gross margin to 15.1% in FY25E. We expect the combined ratios of SG&A and R&D expenses (as % of revenue) to fall from 32.6% in FY24E to 21% in FY25E. Therefore, we project Xpeng's net loss to narrow to RMB2.2bn in FY25E and turn profitable in FY26E with a gross margin of 15.3%.

- **Valuation/Key risks.** We maintain our BUY rating and a target price of US$16.00, based on 1.5x FY25E P/E, higher than its peers. We are of the view that such valuation multiple is justified due to its faster sales volume growth and possible breakeven in FY26E on our estimates. Key risks to our rating and target price include lower sales volume and/or GPM than we expect and a sector de-rating.

- **Link to latest report:** Xpeng Inc. (XPEV US) - Mona M03, P7+'s success with 3Q24 GPM beat could make Xpeng's breakeven possible

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	26,855	30,676	40,377	71,790
YoY growth (%)	28.0	14.2	31.6	77.8
Gross margin (%)	11.5	1.5	14.2	15.2
Operating profit (RMB mn)	(8,705.5)	(10,889.4)	(6,920.7)	(3,403.3)
Net profit (RMB mn)	(9,139.0)	(10,375.8)	(5,999.9)	(2,166.8)
EPS (Reported) (RMB cents)	(533.65)	(595.99)	(317.20)	(113.66)
P/S (x)	3.2	2.8	2.1	1.2
P/B (x)	2.1	2.2	2.8	3.0

Source: Company data, Bloomberg, CMBIGM estimates

Zoomlion (1157 HK) – Emerging market remains the growth driver; share buyback the near-term catalyst

Rating: BUY | **TP:** HK$6.8 (18% upside)

Analyst: Wayne Fung

- **Investment Thesis:** We continue to like Zoomlion's global expansion strategy. On the product side, the offering of full range of machinery through an effective direct sales model enables Zoomlion to penetrate different key markets in overseas. On regions, the priorities on emerging economies such as the Middle East, Middle Asia and Southeast Asia over Europe and North America make it subject to less geopolitical and tariff-related risks. We see the H-share buyback as a near-term catalyst.

- **Our View:** Market has generally concerned about the higher tariff in the US. We see limited risk of tariff as that US accounts for only <1% of total sales at present. The annual designed output value of Zoomlion's Mexico AWP plant is ~RMB1bn (~2% of Zoomlion total sales assuming full utilisation). Products from the Mexico plant will be supplied to both North and South America. We expect Zoomlion to shift the sales to other regions in case of any unreasonably high tariff imposed by the US.

- **Why do we differ vs consensus:** Our earnings forecast in 2024E/25E is -2%/-10% versus consensus. We are more conservative due to low assumptions on China sales.

- **Catalysts:** (1) continuous share buyback; (2) further increase in overseas sales; (3) stabilization of property-related machinery sales in China.

- **Valuation:** Our H-share TP of HK$6.8 is based on 13x 2024E P/E, 40% to our A-share TP (RMB10.5, based on 22x 2024E P/E that is equivalent to the peak valuation in 2021).

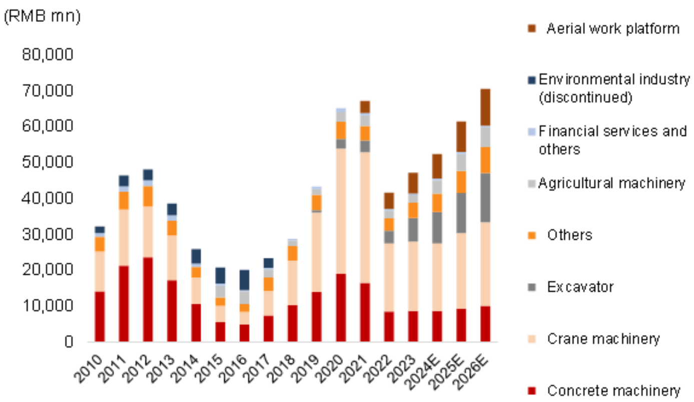
- **Link to latest report:** Capital Goods 2025 Outlook: Emerging markets the key growth driver; China market to be stabilized

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	47,075	52,384	61,449	70,524
YoY growth (%)	13.1	11.3	17.3	14.8
Core net income (RMB mn)	3,550	3,946	4,488	5,132
Core EPS (RMB)	0.43	0.48	0.54	0.62
YoY growth (%)	54.9	11.2	13.7	14.3
Consensus EPS (RMB)	N/A	0.49	0.61	0.75
EV/EBIDTA (x)	9.5	8.2	7.2	6.3
P/E (x)	11.6	10.4	9.1	8.0
P/B (x)	0.8	0.8	0.7	0.7
Yield (%)	6.4	6.4	7.3	8.3
ROE (%)	6.4	6.9	7.7	8.5
Net gearing (%)	11.6	18.5	20.9	22.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Zoomlion's revenue breakdown



Source: Company data, CMBIGM estimates

China Hongqiao (1378 HK) – A key beneficiary of tight aluminum supply

Rating: BUY **| TP:** HK$19.6 (65% upside)

Analyst: Wayne Fung

- **Investment Thesis:** On the back of tight global aluminum (Al) supply (capacity control in China & disruption of bauxite supply) but rising demand (growth of EV & solar power + stabilisation of construction demand following China's U-turn on property policy), we forecast Al / alumina price to stay high in 2025E. We believe Hongqiao (~9% global market share in terms of Al output in 2023) is set to benefit from unit margin expansion, thanks to its vertically integrated model with overseas bauxite equity interest, captive power plant and high percentage of molten Al products.

- **Our View.** For alumina, supply is tight given some disruptions of bauxite supply and alumina capacity, which has boosted the alumina price since early Oct. We expect Hongqiao to be able to capture the favorable price trend through adjusting the external sales ratio of alumina.

- **Why do we differ vs consensus:** Hongqiao announced in Dec 2024 that net profit in 2024E will surge 95% to RMB22bn. Our earnings forecast in 2025E is -8% versus consensus. We see upside to our forecast if the recent tight supply continues throughout 2025E.

- **Catalysts:** (1) potential supply disruptions; (2) faster-than-expected rate cut in the US; (3) launch of more stimulus policies in China.

- **Valuation:** Our TP of HK$19.6 is based on an 9.8x 2024E P/E, equivalent to 1.5SD above the historical average of 6x. Our above-average assumption is to reflect the potential industry upcycle.

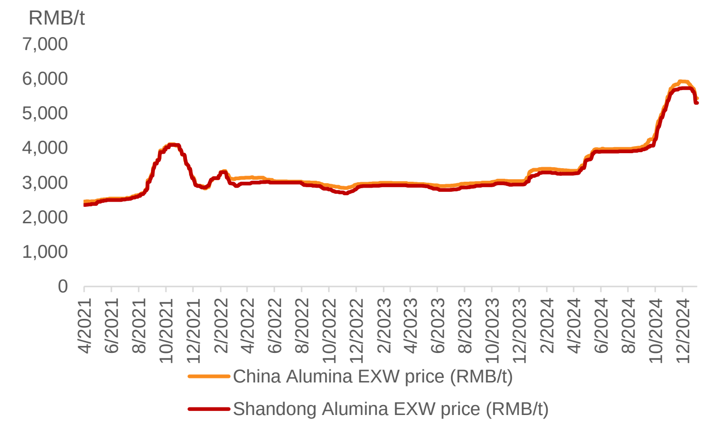
Link to latest report: China Hongqiao (1378 HK) – Expect higher ASP following China's stimulus

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	133,624	147,712	151,359	151,734
YoY growth (%)	1.5	10.5	2.5	0.2
Core net income (RMB mn)	11,461	17,613	19,007	19,160
Core EPS (RMB)	1.21	1.86	2.01	2.02
YoY growth (%)	29.3	53.7	7.9	0.8
Consensus EPS (RMB)	N/A	2.17	2.19	2.29
EV/EBIDTA (x)	5.5	4.1	3.9	3.9
P/E (x)	8.7	6.2	5.2	5.2
P/B (x)	1.1	1.0	0.9	0.8
Yield (%)	5.5	7.6	9.0	9.1
ROE (%)	13.0	18.3	17.8	16.2
Net gearing (%)	29.8	23.8	13.4	5.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Alumina price in China



Source: Company data, CMBIGM estimates

Luckin Coffee (LKNCY US): Unbeatable costs, branding and R&D power

Rating: BUY **| TP:** US$33.80 (33% upside)

Analyst: Walter Woo

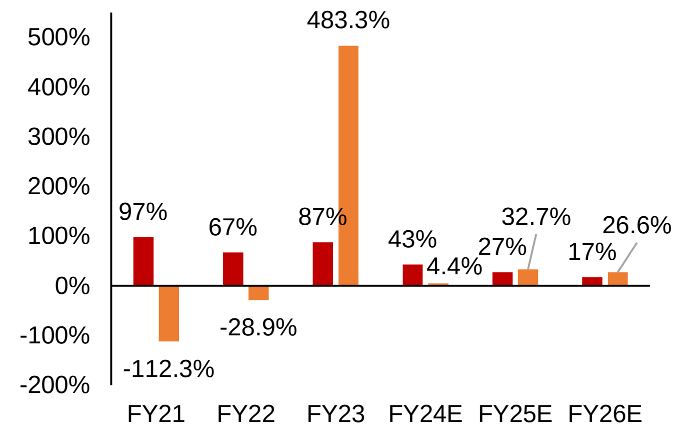
- **Investment Thesis:** The company is the largest and fastest-growing coffee brand in China, with 16,248 stores, annual sales of RMB 24.9bn and net profit of RMB 2.85bn and a market share of 21.7%. On top of quality coffee, it also emphasizes digital engagement, convenience, and competitive pricing. Growth drivers include: 1) rapid store opening, 2) rise in ASP and new product launches, 3) further adoption of freshly made coffee and 4) higher purchase frequency from the young / wealthy people/ those in lower tiers.
- **Our View:** We do expect SSS decline to be narrow in 4Q24 and to turn around in FY25E, with a gradual NP margin improvement, thanks to reasons include: 1) easing competition, where Cotti's expansion has practically been halted and price war continues to fade out, hence less discounts, SSSG may grow and GP margin may improve, 2) launches of various innovative and hit products, some are in the new category, 3) further cut in costs per cup, thanks to lower sourcing costs and better use of centralized processing factory, as well as 4) the improvements in OP margin, helped by tougher requirements imposed on the store level staffs (e.g. higher sales volume, better on-time rates, less total labour hours).
- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our net profit forecasts are +7%/ +5%/ +10% vs street as we are more confident on sales growth, but more conservative on GP margin and tax rate.
- **Catalysts:** Better-than-expected new products, store expansion, store efficiency and government stimulus.
- **Valuation:** We derived our 12m TP of US$33.8 based on 20x FY25E P/E. We believe its leadership in costs, brand equity, level of digitalization and its addictive, functional and staple product nature could fuel decent growth onwards. The stock is still undemanding, as it is trading at just 15x FY25E P/E
- **Link to latest report:** Luckin Coffee (LKNCY US) - Unbeatable costs, branding and R&D power

Financials and Valuations

(YE 31 Mar)	FY23A	FY24E	FY25E	FY26E
Sales (RMBmn)	24,903	35,528	45,075	52,846
YoY change (%)	87.3	42.7	26.9	17.2
Net profit (RMBmn)	2,848	2,974	3,947	4,997
EPS - Fully diluted (RMB)	1.120	1.160	1.536	1.934
YoY change (%)	479.6	3.4	32.1	26.0
Consensus EPS (RMB)	N/A	1.159	1.573	1.903
P/E (x)	19.2	19.0	14.4	11.4
P/B (x)	5.7	4.5	3.4	2.6
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	34.9	26.6	26.9	26.1
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

Anta (2020 HK): A beat in 4Q24 but a conservative outlook

Rating: BUY **| TP:** HK$126.68 (59% upside)

Analyst: Walter Woo

- **Investment Thesis:** Anta is the largest and leading Chinese sports brand group in China, with over 20% of market share. It is the owner of Anta, Maia Active, Arc'teryx and Solomon (through Amer Sports), brands and FILA's business/ Descente/ Kolon's JV in China. As at Dec 2023, it has over 12,000 stores, and generated sales of around RMB62bn and net profit of about RMB10 bn in FY23. Growth drivers include: 1) Anta brand reform, 2) FILA's new product launches momentum, 3) riding on the rise of outdoor industry with Descente, Kolon and even Arc'teryx.

- **Our View:** We think the profitability in FY24E is intact and FY25E is constructive, expect both Anta and FILA's retail sales growth target to be set at HSD to 10%. For Anta, drivers include : 1) continual ramp-up of various new store formats, 2) creating more new star products (likely to offer more value for money products like PG7). For FILA, factors are: 1) launches of new batch of better designed products (just started in 4Q24), 2) further ramp-up of functional products (e.g. Tennis and Golf) and footwear, 3) speed-up in store revamps and 4) improvements in customer experience. And we are also optimistic about Descente, Kolon and Amer, which are accretive for sales and net profit.

- **Why do we differ vs consensus:** For FY24E/ 25E/ 26E, our net profit forecasts are -2%/ -1%/ +2% vs street, as we are more conservative about retail discounts and operating leverage in near term.

- **Catalysts:** 1) better-than-expected Anta and FILA brand reform, 2) better performance from the outdoor industry, 3) more government stimulus.

- **Valuation:** We derived our 12m TP of HK$126.68 based on 23x FY25E P/E. We also think downside is protected with shares buyback programme (about 3% of market cap per year). The stock is now trading at 14x FY22E.

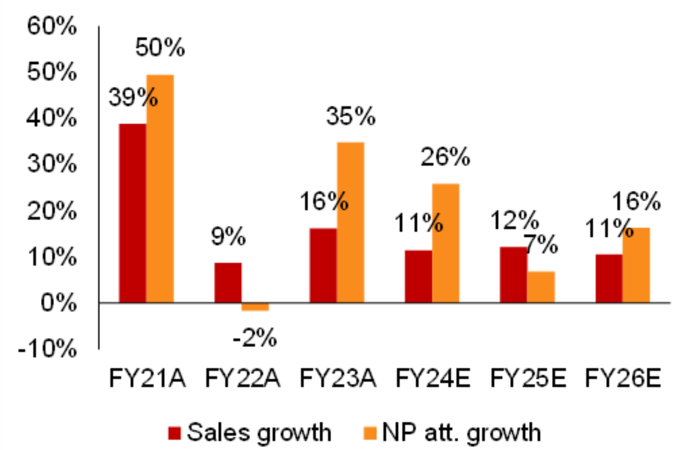
- **Link to latest report:** Anta Sports (2020 HK) - A beat in 4Q24 but a conservative outlook

Financials and Valuations

(YE 30 Jun)	FY24A	FY25E	FY26E	FY27E
Sales (RMB mn)	62,356	69,483	77,930	86,144
YoY change (%)	16.2	11.4	12.2	10.5
Net profit (RMB mn)	10,234.0	12,885.6	13,772.5	16,020.1
EPS - Fully diluted (RMB)	3.650	4.600	4.920	5.720
YoY change (%)	34.7	25.9	6.9	16.3
Consensus EPS (RMB)	N/A	4.641	4.916	5.581
P/E (x)	19.1	15.2	14.2	12.2
P/B (x)	3.7	3.2	2.8	2.5
Yield (%)	2.7	2.8	3.3	3.8
ROE (%)	23.8	23.3	21.8	22.2
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

Yum China (9987 HK) – Improving outlook and decent cash returns

Rating: BUY **| TP:** HK$450.26 (33% upside)

Analyst: Walter Woo

- **Investment Thesis:** YUMC is the largest restaurant group in China by sales. It owns 14,644 stores in FY23 (10,296 KFC/ 3,312 Pizza Hut/ 1,036 other brands) and generated US$ 11.0bn sales and US$ 827mn net profit in FY23. In our view, it is even benefiting from pandemic, through market shares gains and structural margin improvements, driven by: 1) innovative and successful product launches, 2) more automations and efficient use of labour, 3) smaller-sized stores and 4) less depreciation due to lower capex.
- **Our View:** We believe SSSG might still be negative in 4Q24E (despite a positive foot traffic growth), but thanks to its soft raw material inflation and efficiency gains across store and headquarters levels, net profit growth can still be decent in 4Q24E. We are cautiously optimistic on FY25E outlook, because of: 1) potential reduction in competition, 2) better SSSG, driven by around 2% ASP hike by KFC (not a drag in foot traffic given its highly value-for-money nature) and ASP cut by Pizza Hut (foot traffic may improve after 30% price cut for around 30 items), opening of more K-Coffee and WOW stores, rollout of new products and various marketing campaigns, and 3) continual improvements in operating efficiency.
- **Why do we differ vs consensus:** For FY24E/ 25E/ 26E, our net profit forecasts are -1%/ +1%/ -3% differ from street as we are more conservative in sales but more confident on margins.
- **Catalysts:** 1) better-than-expected product launches, 2) further improvement in store economics and 3) more policy stimulus.
- **Valuation:** Our TP of HK$ 450.26 is based on 22x FY25E P/E (unchanged), still not demanding vs 5-year average of 25x. The stock is trading at about 17x 25E P/E. Highly attractive given the generous cash return programme, accounted for about 9% of current market cap .

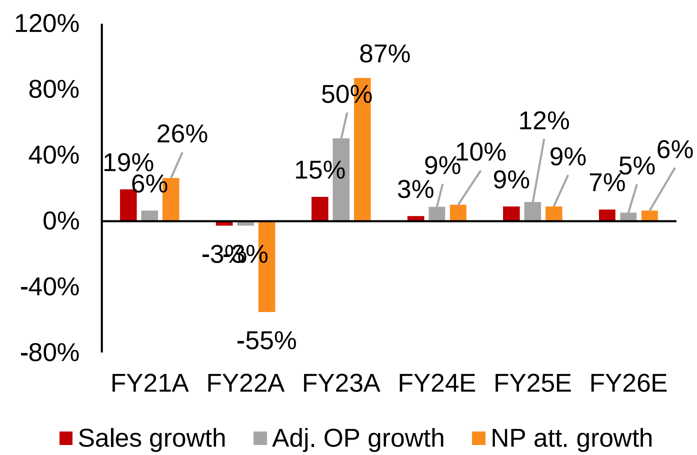
Link to latest report: Yum China (9987 HK) – Improving outlook and decent cash returns

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Sales (RMB mn)	10,978	11,304	12,300	13,171
YoY change (%)	14.7	3.0	8.8	7.1
Adj. net profit (RMB mn)	827	910	991	1,053
EPS - fully diluted (RMB)	1.97	2.22	2.642	2.955
YoY change (%)	89.3	12.9	18.8	11.9
Consensus EPS (RMB)	N/A	2.22	2.49	2.82
P/E (x)	22.3	19.7	16.6	14.8
P/S (x)	2.6	2.1	1.8	1.6
Yield (%)	1.2	1.4	1.7	1.9
ROE (%)	11.6	12.1	12.0	11.6
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

Proya (603605 CH) – Best earnings among peers, strong momentum sustained

Rating: BUY **| TP:** RMB133.86 (60% upside)

Analysts: Miao Zhang/ Bella Li

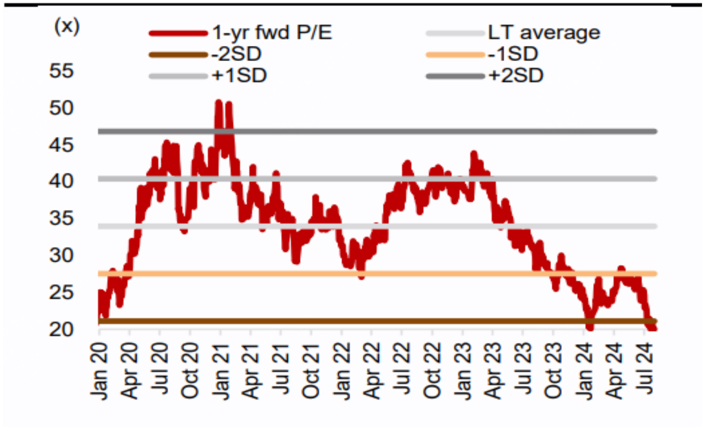
- Proya's 2Q24 results beat consensus with revenue/net profit +41%/37% YoY (1H24 revenue/net profit +37.9/40.5% YoY), mostly contributed by the accelerated sales growth of main brand to 37.7% YoY. The earnings ranked the top among peers. 1H24 GPM dropped by 0.7ppts and steadied at 69.8%, accompanied by the 3ppts increase in selling expense ratio to 47%, due to the prolonged 618 promotion cycle, continuous rise in unit cost of livestream marketing, and high e-commerce return rate. Full-year guidance wise, the company aims to maintain GPM at ~70% and maintain the NPM in a slightly upward trend.
- **Hero SKUs outperformance consistently benefiting earnings.** Proya continues to consolidate the "hero product strategy", with 1H24 image promotion fees +50% YoY and selling expense ratio hiking 3ppt YoY to 46.7%. Thanks to the hero products that have powered up re-purchase rates on both Tmall and Douyin (now at 40%+ and 30%+, respectively), their contribution of revenue further increased to 57%, up from 55% in 1Q23. Considering the high margin of hero products, we see both the top line and bottom line growth likely to remain intact for 2024E. Amid the challenging landscape, the company's priority of achieving steadfast market share during the 11.11 festival may increase marketing expense ratio in 2H, given Douyin's unfavourable mechanism and the high return rate.
- **Visible sustainability of sub-brand growth.** The skincare segment reported +37% YoY revenue growth on a relatively high base, while both make-up and body & hair segments achieved growth exceeding 42% YoY, demonstrating the all three major BUs are now on track of sustainable growth. Meanwhile, management reaffirmed the overseas expansion plans on major sub-brands, especially TIMAGE and Hapsode. Looking forward, we believe that the readied products portfolio targeting wide price ranges and the experienced BU management team should provide solid support to steady growth overseas.
- **Valuation**. Maintain BUY with a target price of RMB133.86, based on 35x 2024E P/E.

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	6,385	8,905	11,702	14,628
YoY growth (%)	37.8	39.5	31.4	25.0
Net income (RMB mn)	817.4	1,193.9	1,518.0	1,893.4
EPS (RMB)	2.06	3.01	3.83	4.77
YoY growth (%)	40.9	46.1	27.2	24.7
Consensus EPS (RMB)	N/A	N/A	3.90	4.79
P/E (x)	41.7	28.5	22.5	18.0
P/B (x)	9.6	7.7	6.4	5.3
Div yield (%)	0.7	1.6	2.0	2.6
ROE (%)	25.5	30.3	31.8	33.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E



Source: Company data, CMBIGM estimates

CR Beverage (2460 HK): A purified water pioneer evolving into integrated beverage titan

Rating: BUY | **TP:** HK$18.84 (71% upside)

Analysts: Miao Zhang/ Bella Li

- The company secured its position despite the deteriorated environment with share edged down by 1.37% in Sep 23-Aug 24 (vs. -3.52%/-3.98% for Nongfu/Ganten). We like the company due to its 1) solid position in the purified water market, 2) the soon-to-take-off second growth curve backed by herbal tea drinks and functional beverages, 3) potential improvement in efficiency driven by self-owned capacity and national expansion, 4) being the only central SOEs within the sector. With a BUY rating, TP of HK$18.84 reflects 22x 2025E P/E.

- **Second growth curve poised to surge.** Company's beverage business grew fast at a revenue/GP CAGR of 43/55% from FY21-23 driven by strategic emphasis on cultivating products in niche segment. We expect CAGR of segment rev./GP to reach 44/43% from FY23-26E given that: 1) one of its tea products dominated the chrysanthemum tea market (mkt share of 38.5%) in 2023 according to CIC. We expect sales volume to surge, matching the trending culinary-medicinal fusion; 2) company's sports label fertilizes market for functional drinks. Leveraging its strong sports marketing legacy as the official hydration partner for China's national teams, the company creates an ideal platform for launching sports beverages.

- **Northward expansion fuels revenue upsurge and market share gains.** The company has a strong foothold in southern (notably the Pearl River Delta) and eastern territories (contributed 59% of revenue), and eyes to tap into underdeveloped markets in northern regions. By 4M24, the northern region's distributor base expanded by 14% from 2023, fuelling a 12.9% YoY revenue uptick, against a 5.3% total revenue rise, boosting its contribution to 26% (vs 23.8% in 2023). We think northward expansion in low-base regions may sustain revenue growth and support market share gains.

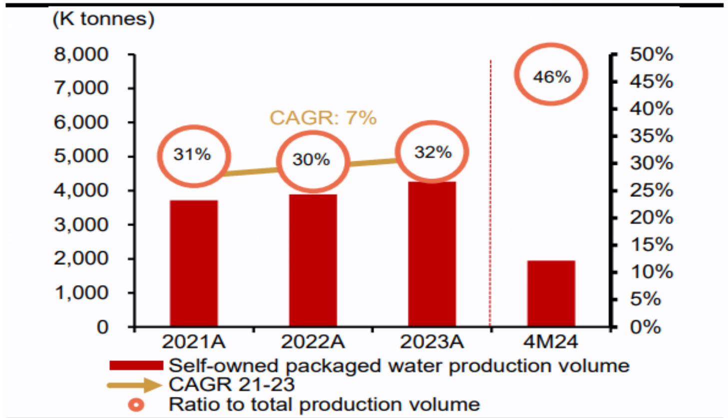
- **Valuation.** With a BUY rating, TP of HK$ 18.84, reflects 22x 2025E P/E, that derived from 1) 15% discount on 23x 2025E P/E of key peers in RTD industry to reflect the company's less beverage exposure; 2) 10% premium since the company is the only central SOEs in the sector. On a 2023-2026E rev./NP CAGR of 7.2/19.3%, Our TP arrived at HK$18.84. Key risks: 1) economic downturn, 2) price war, 3) food quality and safety risks, 4) raw material price hike.

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	12,623	13,515	14,344	15,334
YoY growth (%)	11.3	7.1	6.1	6.9
Net income (RMB mn)	989.8	1,329.3	1,617.7	1,931.6
EPS (RMB)	0.49	0.66	0.67	0.81
YoY growth (%)	15.3	34.3	21.7	19.4
Consensus EPS (RMB)	N/A	N/A	0.71	0.84
P/E (x)	25.0	18.6	18.3	15.4
P/B (x)	4.2	3.4	2.2	2.4
Div yield (%)	0.0	0.0	2.2	2.6
ROE (%)	19.5	21.3	16.3	15.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Self-owned water production volume



Source: Company data, CMBIGM estimates

BeOne (ONC US): Inflection point arrives: operating breakeven in 2025E

Rating: BUY | **TP:** US$282.71 (40% upside)

Analysts: Jill Wu/ Andy Wang

- **Investment Thesis:** BeOne is on track to achieve GAAP operating income breakeven in FY25. Excluding share-based compensation and D&A impacts, non-GAAP operating profit in 3Q24 reached US$66mn. This marks the second consecutive quarter of non-GAAP profitability. Additionally, BeOne achieved a milestone by generating operating cash inflows of US$188mn during 3Q24, being the first time for the Company to report positive quarterly operating cash flow. Looking ahead, BeOne plans to provide full-year guidance for both revenue and profitability during its FY24 earnings call in Feb.
- **Our View:** Global sales of zanubrutinib reached US$690mn in 3Q24, with its share in the global BTKi market increasing to ~25%. In the US, zanubrutinib is currently the No.1 BTKi in new patient prescriptions for both 1L and R/R CLL. We expect zanubrutinib to continue gaining market share in the US$12bn global CLL market. BeOne is able to expand its hematology franchise with potential BIC Bcl-2 inhibitor and BTK CDAC. Ph3 trial of zanubrutinib + sonrotoclax vs venetoclax + obinutuzumab in 1L CLL is nearing full enrollment. Ph2 data for sonrotoclax in R/R MCL (global) and R/R CLL (China) are expected in 2H25, potentially leading to NDA filings. For BGB-16673 (BTK CDAC), BeOne is also preparing to start a head-to-head trial of BGB-16673 in 2L CLL vs pirtobrutinib in 2H25, demonstrating the Company's confidence in the drug's superiority vs pirtobrutinib.
- **Why do we differ**: Expect rich data readouts from early-stage assets. BeOne introduced 13 new molecules into clinic in 2024. PoC data for BGB-43395 (CDK4i) is anticipated in 1H25, followed by PoC data for other assets in 2H25, including a PanKRAS inhibitor, B7-H4 ADC, EGFR CDAC, IRAK4 CDAC, and B7-H3 ADC. In particular, BGB-43395 has shown preliminary clinical responses with a favourable safety profile. In a Ph1 study, BGB-43395 exhibited only 3.1% grade≥3 neutropenia, significantly lower than 18.2% of atirmociclib (CDK4i, Pfizer), 66% of palbociclib (CDK4/6i, Pfizer), 62% of ribociclib (CDK4/6, Novartis), and 19-32% of abemaciclib (CDK4/6i, Eli Lilly). The Company is planning Ph3 studies for 1L and 2L HR+ breast cancer, with the 2L Ph3 trial to start as early as 4Q25.
- **Valuation:** We derive our target price of US$282.71 based on DCF valuation (WACC: 9.32%, terminal growth rate: 3.0%).

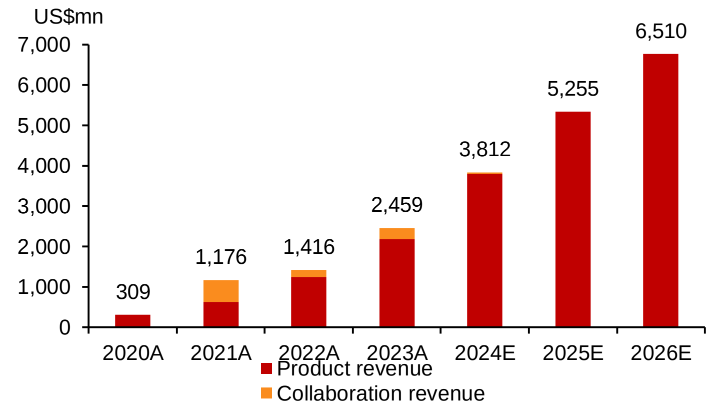
Link to latest report: BeOne (ONC US)- Inflection point arrives: operating breakeven in 2025E

Financials and Valuations

(YE 31 Dec)	FY24E	FY25E	FY26E
Revenue (US$ mn)	3,812	5,255	6,510
YoY growth (%)	55%	38%	24%
Net loss (US$ mn)	(600)	52	674
EPS (US$)	(5.66)	0.49	6.36
Consensus EPS (US$)	(4.29)	0.04	4.48
R&D expenses (US$ mn)	(1,948)	(1,997)	(2,083)
SG&A expenses (US$ mn)	(500)	(200)	(200)
Capex (US$ mn)	3,812	5,255	6,510

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

United Imaging (688271 CH) – Anticipating a rapid rebound in domestic business

Rating: BUY **| TP:** RMB162.81 (31% upside)

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** United Imaging's 9M24 revenue declined by 6.4% YoY to RMB6,954mn, with 3Q24 revenue down by 25.0% YoY to RMB1.6bn. This downturn was primarily due to a challenging domestic market environment, marked by stringent industry regulations and delays in equipment renewal projects. Medical equipment renewal projects began implementation in late 2024, with multiple procurement activities had been restarted. Considering the low base for United Imaging in 2024, we expect the Company to demonstrate strong performance recovery resilience in 2025E.
- **Our View: (1) Robust overseas growth momentum.** In 9M24, United Imaging's overseas revenue grew 36.5% YoY to RMB1,404mn, accounting for 20.2% (+6.35 ppts) of total revenue. This accelerated growth continued into the third quarter, with revenues increasing by 51.7% YoY to RMB471mn. Leveraging its strong innovation capabilities and enhancing overseas localization and service capabilities, we believe United Imaging poised to strengthen its global competitiveness, better navigate geopolitical challenges, and sustain rapid growth internationally. **(2) Medical equipment renewal projects set to materialize.** As the implementation of equipment renewal projects has gradually picked up pace, United Imaging's revenue and net profit margins are expected to significantly improve in 2025E, in our view.
- **Why do we differ vs consensus: Nationwide procurement activities show signs of recovery.** In Dec 2024, procurement activities of medical devices started to recover, with leading companies experiencing substantial double-digit MoM growth in equipment bid-winning amounts, according to CCGP. The total amount of medical device procurement in public hospital increased 37% YoY, according to Joinchain. Moreover, multiple equipment renewal projects have been successfully implemented, involving not only the national top 44 hospitals, but also other tertiary hospitals and secondary hospitals.
- **Valuation:** We derive our target price of RMB162.81 based on a 9-year DCF model (WACC: 8.3%, terminal growth rate: 4.0%) .

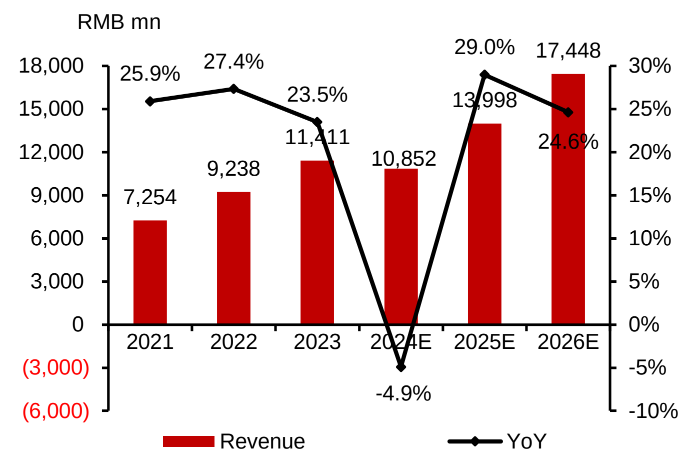
Link to latest report: 联影医疗 (688271 CH) - 投资者日要点：国之重器，扬帆出海

Financials and Valuations

(YE 31 Dec)	FY24E	FY25E	FY26E
Revenue (RMB mn)	10,852	13,998	17,448
YoY growth (%)	(4.9)	29.0	24.6
Adjusted net profit (RMB mn)	1,310	2,041	2,577
YoY growth (%)	(21.3)	55.9	26.3
Adjusted EPS (RMB	1.59	2.48	3.13
P/E (x)	69.8	48.8	39.3
Net gearing (%)	(45.2)	(42.2)	(41.4)

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

CPIC (2601 HK) – Expect solid full-year bottom line to resonate with NBV uptick

Rating: BUY **| TP:** HK$35.5 (58% upside)

Analyst: Nika Ma

- **Investment Thesis:** We expect full-year NBV to land at RMB15.0bn in FY24E, implying a YoY increase of 36.8%. The exceptional growth on top of a high base could be driven by 1) continued margin expansions in bancassurance, which we expect the channel's NBV margin to rise by a double-digit ppt to 14% on a like-for-like basis in 2H24 (vs 1H24: 12.5%); and 2) sales on par products to ride in momentum, which doubled in both NBV and FYRP terms in 3Q24, per mgmt. We regard a rebalanced mix on floating interest rate products, i.e. participating and universal life, could narrow the rigid liability costs and enhance the actuarial profitability. Despite a margin increase, we expect first-year premiums (FYP) to slip, due to the consumption of front-loaded customer demands in 3Q. We remain positive on CPIC's NBV margin boost and proactive A/L duration mgmt. in face of the rising interest rate risks. Group OPAT could turnaround and rise 1.2% YoY in FY24, based on our estimate, thanks to the Life OPAT contribution.
- **Expect robust FY24E NBV growth.** 3Q NBV surged 75.3% YoY to RMB5.2bn, driven by margin expansions (+6.2pct) and rebounded regular-paid new sales (+15.2%). We estimate the NBV margin could rise to 22% in 2H24 (vs 2H23: 13%), enhanced by 8.8pct year-over-year. We attribute the margin expansions to 1) elevated par sales that are entitled to the absorption effect on interest rate volatility and 2) strengthened regular-paid new sales, evidenced by the FYRP increases in agency (3Q24: +37%) and bancassurance (9M24: +23.2%). Total FYRP surged 1.38x YoY to RMB18.5bn in 3Q24, leading to the rebound of FYP by 15% YoY (vs 2Q24: -29%). We expect full-year NBV to sustain solid growth by +37% YoY (CMBI est), thanks to improved UW and rebalanced product mix.
- **Valuation:** The stock is trading at 0.4x FY24E P/ EV and 0.9x FY24E P/BV, above the 3-year historical avg. We remain positive on the insurer's NBV margin increase on top of an improved underwriting channel and product mix. Maintain BUY, with TP of HK$35.5, implying 0.5x FY24E P/EV and 1.1x FY24E P/BV.
- **Links to latest reports:** CPIC (2601 HK) - 3Q NBV growth accelerated; expect par sales to outgrow

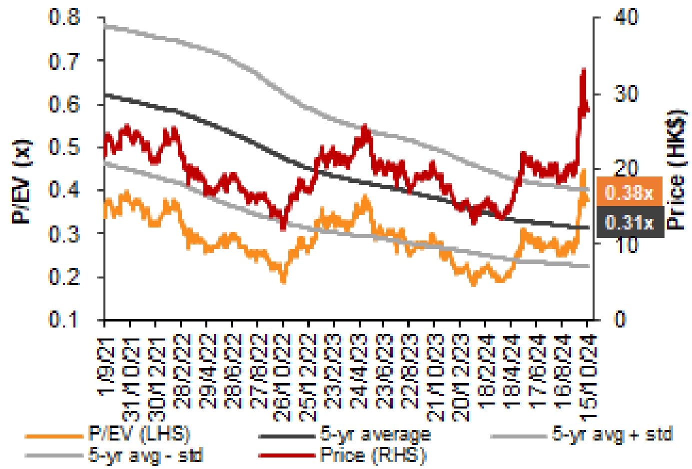
中国保险 - 2025展望：拨云见日终有时，价值增长曙光现

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Net profit (RMB mn)	27,257	42,800	37,809	40,856
EPS	2.83	4.45	3.93	4.25
Consensus EPS	N/A	4.35	3.93	4.19
Group EV / share (RMB)	55.0	63.6	66.1	68.2
P/EV (x)	0.46	0.41	0.39	0.37
P/B (x)	0.89	0.80	0.74	0.67
Dividend yield (%)	4.4	4.5	4.7	4.8
ROE (%)	12.2	16.2	13.0	12.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Recent stock rally boosted P/EV(x) above 5-yr avg. by 21%



Source: CMBIGM estimates

PICC P&C (2328 HK) – CoR guidance could be met

Rating: BUY **| TP:** HK$14.0 (17% upside) Analyst: Nika Ma

- **Investment Thesis:** Despite heightened catastrophic impacts on non-auto losses exceeding the market expectation in 3Q24, we think the peak of non-auto CoR has passed and the respective adverse impacts have been factored into the underperformed stock performance in 4Q24. Auto premiums have gained momentum since Sep-24, thanks to incremental new car sales under recently announced "trade-in" policy by the MoF. Looking into FY24E, we expect the auto premiums to progressively recover and contribute to full-year growth by 4%, based on our estimate. For non-auto segment, we expect the jump of claims ratio could ease in 4Q24, as 1) last quarter was in general not a peak season for natural catastrophes, and thus the generated direct economic losses, and 2) the insurer's proactive risk mitigation mgmt. through a more balanced product mix. We project the insurer's CoR to be 97.7%/97.4% in FY24E/FY25E. Maintain BUY with TP of HK$14.0, implying 1.09x FY24E P/BV.

- **Intact dividend growth.** The insurer used to peg dividends to net income, and has maintained >40% payout for over five years. Given the surge of 3Q bottom-line, we expect the insurer to focus more on the absolute value growth of DPS, rather than to rigidly stabilize on the payout in FY24E. We project FY24/FY25E dividend yields at 5.2%/5.4%, and remain intact despite net income volatilities.

- **Valuation/risks.** The stock is now trading at 1.0x FY24E P/BV, +1.5STD above 3-yr historical avg. We think improved UW profitability and the defensive nature of the insurer provide value over a long-term perspective. Maintain BUY, with TP of HK$14.0, based on 1.09x FY24E P/BV. Downside risks: deteriorated CoR; weaker-than-expected new vehicle sales; and increased market volatility.

- **Links to latest reports:** PICC P&C (2328 HK) - 3Q CoR miss dragged by non-auto claims

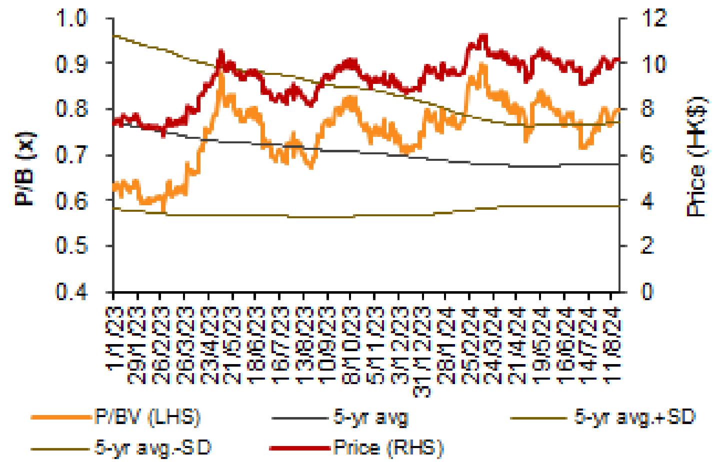
  中国保险 - 2025展望：拨云见日终有时，价值增长曙光现

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Net profit (RMB mn)	24,566	31,993	33,553	35,530
EPS (RMB)	1.11	1.44	1.51	1.60
Consensus EPS (RMB)	N/A	1.35	1.46	1.55
Combined ratio (%)	97.8	97.7	97.4	97.2
P/B (x)	1.1	1.0	0.9	0.9
Dividend yield (%)	4.3	5.1	5.4	5.7
ROE (%)	10.8	13.1	12.7	12.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: PICC P&C: share price and P/B herald price growth



Source: CMBIGM estimates

Tencent (700 HK) – Strong competitive edges drive steady earnings growth

Rating: BUY **|** **TP:** HK$525.0 (38% upside) Analysts: Saiyi He/Wentao Lu/Frank Tao

- **Investment Thesis:** Tencent's competitive edges remain solid. We expect Tencent to deliver sustainable earnings growth amid macro uncertainty and intensifying competition. We expect: 1) higher-margin businesses like Video Account and Mini Games will bring incremental monetization opportunities and support GPM expansion; 2) games revenue growth to further accelerate in 4Q24E, backed by monetization revamp of key legacy titles and incremental contribution of new games like *DnF Mobile*; 3) enhancing shareholder return, with total share repurchase amount more than doubled to >HK$100bn (c.3% of mkt cap).

- **Our View:** We are upbeat on Tencent's 4Q24E earnings growth outlook, supported by the reacceleration of games revenue growth and incremental revenue contribution from high-margin businesses (e.g. Video Account and Mini Games). In the longer term, China's potential policy stimulus to boost economic and consumption may benefit Tencent's FBS and advertising business. Despite the recent rally, Tencent's current valuation of 15x FY25E PE remains attractive given its earnings growth outlook and shareholder return.

- **Catalysts:** 1) enhanced Video Account monetization supports better-than-expected revenue growth and GPM expansion; 2) DnF Mobile and international game business drive stronger-than-expected game revenue growth in 4Q24E; 3) increasing share repurchase and dividend to enhance shareholder return.

- **Valuation:** Our SOTP-derived TP is HK$525.0, comprising HK$202.9/30.4/102.6/84.5/22.6 for games/SNS/ads/Fintech/cloud business and HK$13.3/68.8 for net cash/strategic investments.

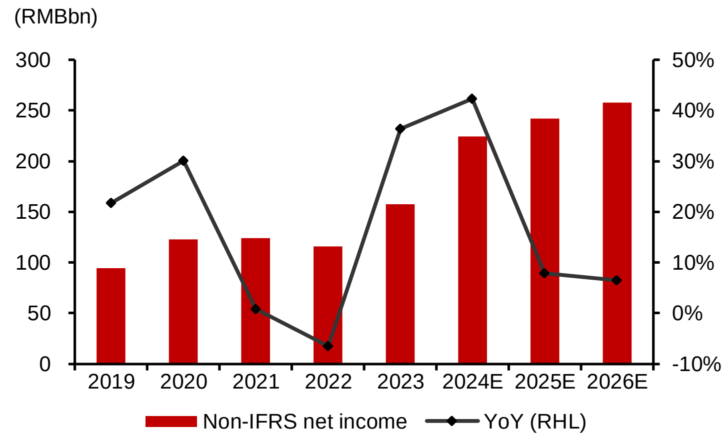
Link to latest report: Tencent (700 HK) - Higher consumer internet revenue contribution boosted margin

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	609,015	655,999	708,019	757,848
Gross margin (%)	48.1	53.2	53.7	54.3
Adj. net profit (RMB mn)	157,688.0	224,393.7	241,928.8	257,732.6
EPS (Adjusted) (RMB)	16.66	23.17	24.98	26.61
Consensus EPS (RMB)	16.66	22.41	24.73	27.39
Non-GAAP P/E (x)	20.8	14.6	13.6	12.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

NetEase (NTES US) – New game product cycle support business and valuation recovery

Rating: BUY **| TP:** US$125.5 (21% upside)

Analyst: Saiyi He/Wentao LU/Frank Tao

- **Investment Thesis:** NetEase is currently trading at 13x FY25E PE, which is a 2-year low, pricing in short-term headwinds and offers attractive risk-reward. The launch of *Marvel Rivals* in Dec 2024 achieved initial success with the peak number of concurrent active users surpassing 600k on Steam. The launch of *Where Winds Meet* was largely in line with expectation. We expect the successful launch of the two highly-anticipated titles to support the fundamental and valuation recovery of NetEase in 2025E
- **Our View:** NetEase's 3Q24 financial results are largely inline with our expectation: total revenue declined by 4% YoY and operating profit was down by 5% YoY to RMB7.15bn, mainly due to the high-base effect and softer-than-expected performance of certain new game titles. We expect the launch of *Marvel Rivals* and *Where Winds Meet* to be the key drivers of NetEase's valuation and revenue growth in FY25E. The company also accelerated its pace of share repurchase in 3Q24, during which 6.3mn ADSs were repurchased for a total cost of US$543mn (+98% QoQ, representing c.1% of market cap as of 14 Nov).
- **Catalysts:** 1) launch of *Marvel Rivals* and *Where Winds Meet*; 2) offline technical test for its highly-anticipated ACG open-world title Project Mugen; 3) accelerating pace of share repurchase.
- **Valuation:** Our SOTP-derived TP is US$125.5, comprising US$118.4/0.7/3.2/1.5 for online games/Youdao/NetEase Cloud Music/innovative business and US$1.7 for net cash.

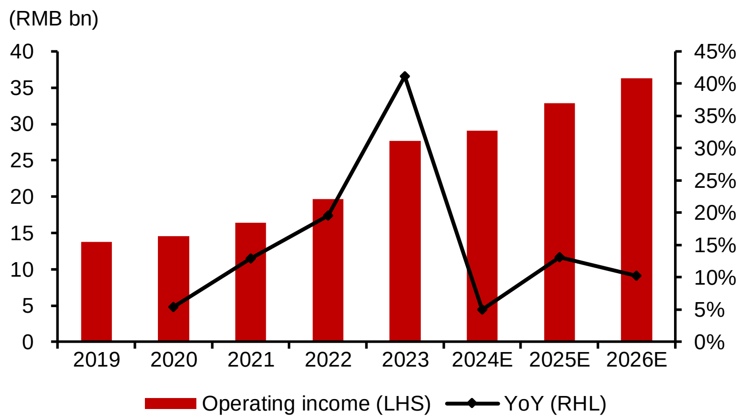
Link to latest report: NetEase (NTES US) - Eyes on new game launch in December

Financials and Valuations

(YE 31 Dec)	FY23	FY24E	FY25E	FY26E
Revenue (RMB mn)	103,468	106,020	113,155	119,557
Gross margin (%)	60.9	62.9	63.3	63.4
Adj. net profit (RMB mn)	32,608.3	32,527.9	35,318.7	37,537.9
EPS (Adjusted) (RMB)	50.69	50.15	54.45	57.87
Consensus EPS (RMB)	50.69	49.90	53.31	60.73
Non-GAAP P/E (x)	13.8	13.8	12.8	12.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Operating income growth



Source: Company data, CMBIGM estimates

Alibaba (BABA US) – Increasing monetization; remains committed to investment to maintain market share

Rating: BUY | **TP:** US$132.2 (60% upside)   Analysts: Saiyi He/Frank Tao/Wentao Lu

- **Investment Thesis:** 1) Alibaba's fundamental is on improvement track, evidenced by solid user growth and user engagement improvement, as well as solid footprint in international expansion; the potential increase in monetization rate aided by incremental technology services fee charged and the launch of new advertising products should drive better outlook on revenue and earnings growth; 2) Alibaba is enhancing shareholder return through a holistic approach (ie, share buyback, dividend payout, support strategically important new business growth to drive long-term shareholder value improvement), which should support valuation rerating combined with the impact from increase in southbound fund flow post stock connect inclusion.

- **Our View:** Alibaba is on the right track to meet its previously settled targets of inline CMR and GMV growth and double-digit cloud revenue YoY growth in 2HFY25, in our view, and UE improvement of AIDC throughout FY25 is also on steady progress. Non-core businesses are on track to achieve profitability in 1-2 years' time. The stable and predictable shareholder return plan and incremental fund flow from southbound investors post stock connect inclusion both serve as support for valuation.

- **Where do we differ vs consensus:** We believe Alibaba is on the right track to drive GMV growth back in line with industry average, driven by investment to enhance value-for-quality product supply and to strengthen user experience, and we see support coming from the 46mn 88VIP members, which grew by double digits YoY, and the number of 88VIP members who placed orders during Double 11 shopping festival increased by over 50% YoY. The improvement in core user engagement should in turn drive better merchant engagement and more ads spending over time, in our view.

- **Catalysts:** 1) better-than-expected consumption recovery; 2) better-than-expected monetization improvement and adj. EBITA growth of Taobao & Tmall Group in 2HFY25; 3) positive regulatory update regarding fintech business.

- **Valuation:** Our SOTP-based TP is US$132.2, which translates into 13x FY25E PE.

Link to latest report: Alibaba (BABA US) – Results inline; solid execution towards achieving development goal

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	941,168	991,911	1,073,912	1,146,515
Adjusted net profit (RMB mn)	158,359.0	152,928.1	171,203.0	183,690.0
EPS (Adjusted) (RMB)	62.77	62.49	72.13	78.97
Consensus EPS (RMB)	N/A	62.32	69.78	75.90
P/E (x)	20.3	12.0	10.4	9.5

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Alibaba: SOTP valuation

#	Segment (USDmn)	Valuation method	FY25E Rev (USDmn)	Adj. EBITA post tax	P/E (x)	EV/S (x)	Val. Rmb mn	Val. US$m	$/share	Value split
1	Taobao and Tmall Group	7.0x FY25E P/E; 20% tax rate on adjusted EBITA	61,567	21,278	7.0		1,072,387	148,943	61.7	47%
2	International Digital Commerce Group	1.5x FY25E EV/S	18,623			1.5	201,132	27,935	11.6	9%
3	Local Services Group	1.5x FY25E EV/S	9,327			1.5	103,423	14,364	5.9	4%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63.7% shareholding	15,128				47,380	6,581	2.7	2%
5	Cloud Intelligence Group	3.9x FY25E EV/S on revenue before intersegment elimination	16,030			3.9	444,351	61,715	25.6	19%
6	Digital Media and Entertainment Group	1.0x FY25E EV/S, inline with iQIYI trading EV/S	2,996			1.0	22,431	3,115	1.3	1%
7	All others	1.0x FY25E EV/S	28,048			1.0	191,850	26,646	11.0	8%
	Total Alibaba business						**2,082,953**	**289,299**	**119.8**	
INVESTMENTS										
1	Ant Group	Last round share buy back valuation; 33% share holding					187,143	25,992	10.8	
2	Others	Market valuation					121,656	16,897	7.0	
	Total investment (with 30% holding discount)								**12.4**	9%
	Total (US$mn)								**132.2**	
	#s of diluted ADS (mn)								2,415	

Source: Company data, CMBIGM estimates

Greentown Service (2869 HK): Solid 1H24 against industry headwinds

Rating: BUY **| TP:** HK$6.13 (62% upside)

Analysts: Miao Zhang/ Bella Li

- Greentown Service's revenue/core operating profit went up 11/26% YoY in 1H24, in-line with/beating market expectations buoyed by a stable parent company, robust third-party expansion, and a diversified VAS business. Core OPM expanded 1.2ppts YoY to 9.8%, resulting from a +0.6ppt GP margin hike and a 0.6ppt decrease in SG&A ratio attributable to efficient cost control. Amid intensified competition in third-party expansion, the company delivered steady conversion from parentco projects to mitigate headwinds. Despite a challenging industry environment, the company still anticipates core OP growth >20% & cash growth >15% in 2024E. We like Greentown Service for its high independence, stable parentco, diversified VAS business and recovering cash flow.
- **1H24 revenue in-line, earnings beat.** Greentown Service delivered 10.6%/25.8% YoY growth in revenue/core OP in 1H24 (core OP= GP-SG&A), with rev. in line and core operating profit beating market expectation. This performance was driven by 1) steady growth of 14.6% YoY in Basic PM revenue; 2) positive growth in VAS to both owners and non-owners against the negative trends among peers, attributed to its robust parentco and diversified VAS business; 3) efficient cost management leading to a 0.6ppt improvement in GPM and 0.6ppt cut in SG&A ratio, which combined enhanced core OPM by 1.2ppts. Greentown Service lifted the guidance from >15% to >20% for full-year core OP growth. And the share incentive plan requires 60% growth over the next 3 years.
- **Parentco GFA conversion mitigates third party competition pressure.** The net increase in managed GFA from Greentown Real Estate surged 227% YoY compared to -42% from third parties (Figure 2), leading to Greentown RE's contribution in managed GFA rising to 18.2% in 1H24 from 14.8%/15.7% in 1H23/FY23. Total managed GFA increased 16% YoY with new contracted value up 3%, representing a steady APS hike and solid conversion from reserved GFA.
- **Expect 15% cash growth in FY24E.** Broad cash balance reached RMB 4.3bn, down -12% YoY, due to 1) accounts receivable increasing 24% from end-2023 to RMB 6.3bn, impacted by economic headwinds affecting owners' payment capabilities and property fee collections concentrating at year-end, and 2) active share buybacks consuming funds. The company expects AR growth to decelerate in 2H24 and will continue with proactive share repurchases, anticipating a 15% YoY increase in cash on hand by the end of 2024.
- **Valuation:** Given Greentown Service's high independence, stable parentco, and diversified VAS business, we maintain BUY rating with TP of HK$ 6.13 to reflect a better outlook than peers'. The TP represents 25x 2024E P/E. Risks: AR impairment, intensified competition.

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	14,856	17,393	19,364	21,838
YoY growth (%)	18.2	17.1	11.3	12.8
Net income (RMB mn)	547.5	605.4	724.6	867.7
EPS (RMB)	0.17	0.19	0.23	0.27
YoY growth (%)	(35.4)	11.7	19.7	19.7
Consensus EPS (RMB)	N/A	N/A	0.25	0.31
P/E (x)	17.8	15.9	13.3	11.1
P/B (x)	1.6	1.6	1.6	1.5
Yield (%)	3.0	4.5	5.3	6.3
ROE (%)	7.7	8.3	9.7	11.4
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Managed GFA breakdown

Managed GFA breakdown (mn sqm)	2021	2022	2023	1H22	1H23	1H24
Total	**304.1**	**381.4**	**448.4**	**349.3**	**414.5**	**481.7**
from Greentown RE	49.3	56.1	70.4	50.6	61.3	87.7
from third parties	254.8	325.3	378.0	298.7	353.2	394.0
YoY		*25%*	*18%*		*19%*	*16%*
from Greentown RE		*14%*	*26%*		*21%*	*43%*
from third parties		*28%*	*16%*		*18%*	*12%*
Mix %						
from Greentown RE	16%	15%	16%	15%	15%	18%
from third parties	84%	85%	84%	86%	85%	82%
Net increase of managed GFA	**53.6**	**77.3**	**67.0**	**45.2**	**33.6**	**33.3**
from Greentown RE	5.4	6.8	14.3	1.4	5.3	17.3
from third parties	48.2	70.5	52.7	43.8	27.8	16.0
YoY	***41%***	***44%***	***-13%***		***-26%***	***-1%***
from Greentown RE	*25%*	*25%*	*111%*		*281%*	*227%*
from third parties	*43%*	*46%*	*-25%*		*-37%*	*-42%*
Mix %						
from Greentown RE	10.1%	8.8%	21.4%	3.1%	15.7%	51.9%
from third parties	89.9%	91.2%	78.6%	96.9%	84.3%	48.1%

Source: Company data, CMBIGM

FIT Hon Teng (6088 HK) – Upbeat 3-year guidance reaffirmed our positive view

Rating: BUY | **TP:** HK$4.38 (33% upside)

Analysts: Alex Ng/ Hanqing Li

▪**Investment Thesis:** FIT Hon Teng is the global connector leader in PC, smartphone, datacenter and automobile. We expect FIT to continue benefiting from Voltaira/Auto-Kabel merger synergy, AI servers/networking (HS cables/ CPU sockets/DDR5 connectors) and AirPods ramp-up in FY25/26E. Following the announcement of a strong set of three-year guidance (FY25-27E) of 20% revenue CAGR and GPM/OPM target of 22%/8% by FY27E, we are confident that FIT will deliver revenue growth and margin expansion into FY27E, driven by AI server/AirPods product shipment, "3+3 strategy" execution and operating efficiency improvement.

▪**Our View:** FIT is one of our top picks for H-share tech sector, due to its solid revenue growth, high earnings visibility and beneficiary of AI server cycle. Mgmt. maintained positive outlook for 2024: high single-digit YoY revenue growth, 20%+ GPM and OPM target of 4.5%. As for AI-server related sales, apart from GB200's compute tray connectors/power busbar/CDU liquid cooling connectors (7-9% of FY24E revenue), mgmt. highlighted the backplane connectors/cables are under evaluation with customers. For EV business, integration with Auto-Kabel is about to close and contribute meaningful revenue in FY25E. For AirPods, the first production line in India is on track to start mass production in early FY25E. Overall, we expect FIT's net profit to rebound 42%/67% YoY in FY24/25E.

▪**Why do we differ vs consensus:** Our FY25/26E EPS forecasts are 10%/19% above consensus, given stronger business outlook and better margin.

▪**Catalysts:** Near-term catalysts include AI server product updates, AirPods shipment and Auto-Kabel M&A progress.

▪**Valuation:** Our 12m TP of HK$ 4.38 is based on 13x FY25E P/E, given accelerated growth on the "3+3 Strategy" and profitability recovery.

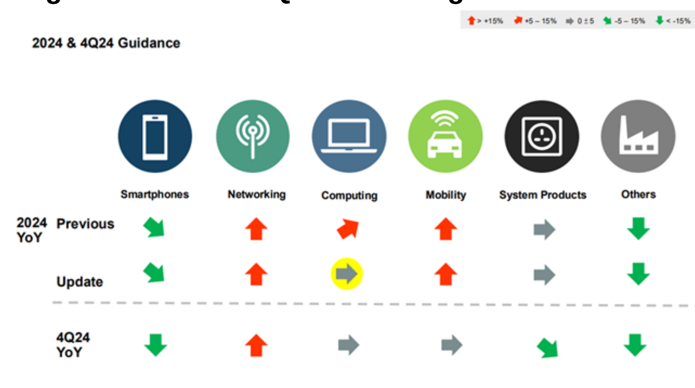
Link to latest report: FIT Hon Teng (6088 HK)-NDR takeaway: FY24E guidance on track; Expect 20% rev CAGR in FY25-27E

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	4,196	4,555	5,896	7,131
YoY growth (%)	(7.4)	8.6	29.4	20.9
Net profit (RMB mn)	129	184	308	403
EPS (RMB)	1.82	2.59	4.34	5.67
YoY growth (%)	(23.8)	42.2	67.2	30.9
Consensus EPS (RMB)	N/A	2.60	3.94	4.76
P/E (x)	23.1	16.2	9.7	7.4
P/B (x)	1.2	1.1	1.0	0.9
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	5.3	7.0	10.5	12.1
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: FIT 2024 and 4Q24 revenue guidance



Source: Company data, CMBIGM estimates

Xiaomi (1810 HK) – Solid execution of “Human x Car x Home” strategy

Rating: BUY **| TP:** Under review

Analysts: Alex Ng/ Hanqing Li

▪**Investment Thesis:** Xiaomi is a global No.3 smartphone brand and smart hardware company connected by an IoT platform at its core. Xiaomi launched its first smart NEV in 2024, and we are positive on Xiaomi’s unique “Human-car-home” ecosystem to drive NEV business upside.

▪**Our View:** We are positive on Xiaomi’s FY24/25E outlook, backed by smartphone global share gains, premiumization strategy, AIoT growth in expanding SKUs (tablets/wearables/home appliance) and smart EV business expansion. For smartphone, we expect Xiaomi’s smartphone global market share gains to continue especially in China, the Middle East, Africa and Southeast Asia. For Smart EV, Xiaomi revised up the FY24E annual delivery target to 130k units and its monthly delivery has exceeded 20k units in October. Looking ahead, we are positive on Xiaomi smartphones’ global market share gains, new retail strategy execution, AIoT business growth momentum and EV shipment delivery to drive earnings growth into FY24E-25E. Overall, we expect Xiaomi’s adj. net profit to grow 28%/25% YoY in FY24/25E.

▪**Why do we differ vs consensus:** We are more positive on EV business profitability, other core business margin strength and operating efficiency improvement.

▪**Catalysts:** Near-term catalysts include SUV model launch, smartphone/AIoT share gains, overseas store expansion and EV order/delivery/profitability updates.

▪**Valuation:** TP is under review.

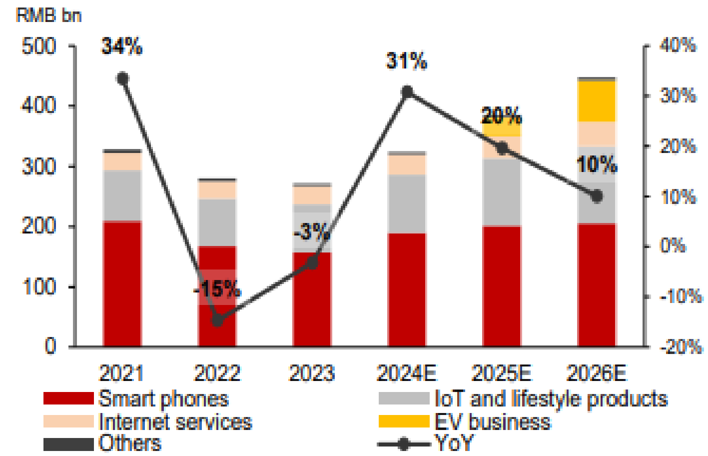
Link to latest report: Xiaomi (1810 HK)-3Q24E beat on stronger EV/core business margin; Solid execution of “Human x Car x Home” strategy

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	270,970	354,314	423,870	466,371
YoY growth (%)	(3.2)	30.8	19.6	10.0
Net profit (RMB mn)	19,273	24,667	30,736	36,107
EPS (RMB)	126.3	28.0	24.6	17.5
YoY growth (%)	0.77	0.99	1.24	1.46
Consensus EPS (RMB)	N/A	0.88	1.03	1.20
P/E (x)	39.7	30.9	24.8	21.1
P/B (x)	5.5	4.9	4.3	3.7
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	11.3	11.3	13.1	13.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Xiaomi’s revenue trend



Source: Company data, CMBIGM estimates

BYDE (285 HK) – Positive on multiple growth drivers ahead

Rating: BUY **| TP:** HK$44.41 (17% upside)

Analysts: Alex Ng/ Hanqing Li

▪**Investment Thesis:** BYDE is a global leader in platform-based high-end manufacturing, focusing on smartphone/NB, new intelligent product, auto intelligent system and medical devices. Its major clients include Apple, Xiaomi, Huawei/Honor, BYD and other OEM brands. We believe BYDE will benefit from iPhone AI cycle, stable Android flagship demand, high-end NEV products and AI server momentum in FY25E.

▪**Our View:** We are positive on BYDE's multiple growth drivers in 2025: 1). smartphone OEM/component business will benefit from iPhone AI cycle, high-end Android demand and Jabil biz's improving efficiency; 2) NEV: we expect rising penetration of active suspension products in high-end models and NEV GPM will remain at a high level; 3) AI server ODM/components: strong product roadmap across server, rack system and high-speed connectivity, which will start to contribute meaningful sales. We expect sales to double in 2025 given its strong R&D partnership with Nvidia after GB200/H20 product qualifications in 4Q24E.

▪**Why do we differ vs consensus:** We are more positive on earnings synergies from Jabil's acquisition, iPad/iPhone cycles and AI server biz outlook.

▪**Catalysts:** Near-term catalysts include Honor/Huawei/Xiaomi shipment, and NEV/AI server products mass production.

▪**Valuation:** Our SOTP-based TP of HK$44.41 implies 15.0x FY25E P/E. We reiterate BUY given robust earnings CAGR of 31% in 2024-26E and business diversification.

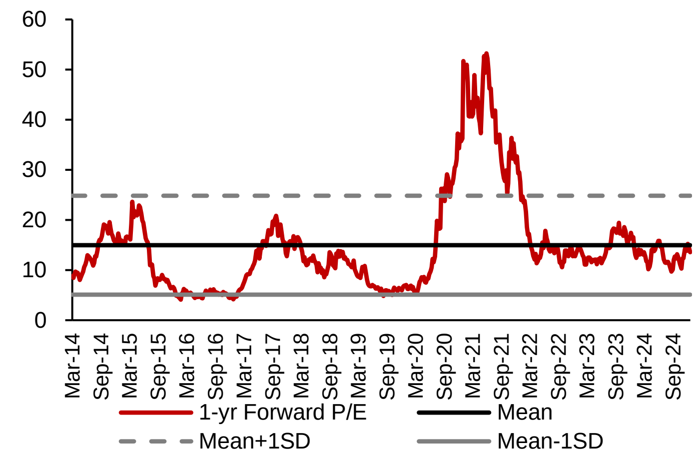
▪**Link to latest report:** BYDE (285 HK)- NDR takeaways: Apple, NEV products and AI server are key growth drivers in 2025

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	129,957	171,961	196,265	215,397
YoY growth (%)	21.2	32.3	14.1	9.7
Net profit(RMB mn)	4,041	4,428.1	6,070.2	7,567.4
EPS (RMB)	1.79	1.97	2.69	3.36
YoY growth (%)	117.6	9.6	37.1	24.7
Consensus EPS (RMB)	N/A	2.02	2.67	3.15
P/E (x)	19.0	17.4	12.7	10.2
P/B (x)	3.2	2.9	2.5	2.2
Yield (%)	1.8	1.9	2.6	3.3
ROE (%)	14.7	18.6	29.7	30.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: BYDE 12M forward P/E band



Source: Company data, CMBIGM estimates

Innolight (300308 CH) – Demand remains intact with promising long-term growth

Rating: BUY **| TP:** RMB186 (63% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment thesis:** We continue to view Innolight as a key beneficiary of the surging global AI momentum despite facing several challenges (supply chain bottleneck, unfavorable exchange rate fluctuations, rising material costs, etc) in the past few months. We believe the company's long-term growth prospects remain strong as major hyperscalers maintain consistently robust capex growth (28% YoY per Bloomberg consensus) in 2025. **Maintain BUY on Innolight, with TP unchanged at RMB186.**
- **Recent market rumors clarification:** The company held a conference call last week addressing several market rumors to provide assurance and clarity.
  - **Potential order cuts:** Mgmt. affirmed there have been no order cut to their knowledge, emphasizing Innolight's position as a critical supplier of 800G solutions in 2025.
  - **Impact from potentially higher tariff:** Innolight has proactively established overseas capacity to enhance delivery resilience and mitigate risks associated with geopolitical tensions and escalating tariffs.
  - **Rising adoption of CPO solutions:** Mgmt. highlighted that as of now they have not observed any major CSP planning to shift to CPO solutions that may challenge Innolight's pluggable transceivers solution.

Links to latest reports:

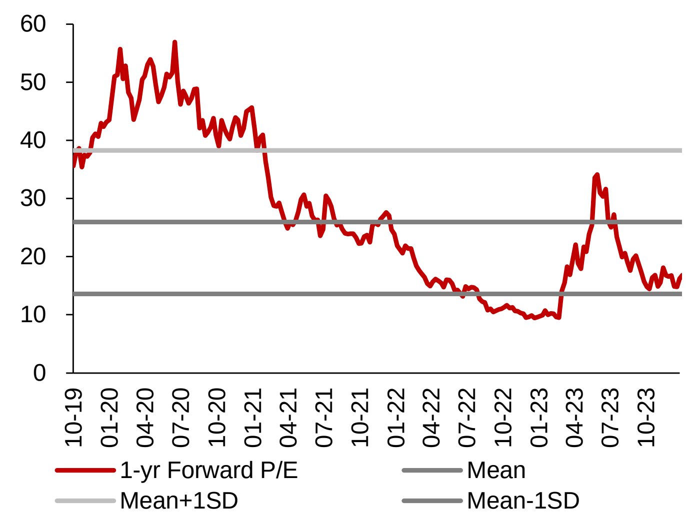
1. Innolight (300308 CH) - Solid 3Q with intact near-term prospects; Maintain BUY
2. Innolight (300308 CH) - Solid 1H24 results w/ steady margin; Key investor call takeaway w/ strong demand outlook in 2H24
3. Innolight (300308 CH) - Fundamentals remain strong despite recent market volatility, reiterate BUY

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	10,718	24,060	34,149	41,026
YoY growth (%)	11.2	124.5	41.9	20.1
Gross margin (%)	33.0	33.2	32.3	31.4
Net profit (RMB mn)	2,174	5,522	8,156	9,253
YoY growth (%)	77.6	154.1	47.7	13.4
EPS (RMB)	2.00	5.08	7.50	8.51
P/E (x)	74.4	23.0	15.9	13.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Naura (002371 CH) – Semi localization theme to continue in 2025 amid escalating exports control

Rating: BUY | **TP:** RMB426.0 (9% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment thesis:** Naura released prelim FY24 results this week, with revenue expected to be in range of RMB27.6bn and RMB31.8bn, up 25%/44%. Mid-point revenue is expected to be RMB29.7bn (up 34.5%), lower than our/consensus forecasts of RMB30.9bn/RMB30.0bn by 3.8%/1.0%. FY24 NP is expected to be RMB5.2bn to RMB6.0bn, up 33%/53%. Mid-point NP is expected to be RMB5.6bn (up 43%), lower than our/consensus estimate of RMB5.8bn/RMB5.8bn by 4.2%/4.2%. FY24 NPM (mid-point) implies to be 18.8%, in line with our projection.
- **Our view:** Naura is our top pick for 2025. As geopolitical tension intensified, we remain positive for domestic SME suppliers on localization and expect the impact is mainly on the overseas side (est. US$9.4bn sales decline from China region for the top 5 overseas SME leaders, according to our analysis). Maintain BUY on Naura and TP is RMB426. We maintain our FY25/26E topline forecasts of RMB39.0bn and RMB48.4bn, suggesting 31%/24% YoY growth on top of the mid-point estimate of FY24.
- **Catalysts:** 1) Sooner-than-expected R&D breakthroughs; 2) stronger gov't support; 3) rapid recovery of end markets demand
- **Risks:** Potential risks include 1) worsening China-US trade relations, 2) heightened geopolitical tensions, 3) slower-than-expected R&D
- **Valuation:** Maintain BUY, with TP unchanged at RMB426, reflecting 30x rollover 2025E P/E (vs. prev. 35.8x)

Links to latest reports:

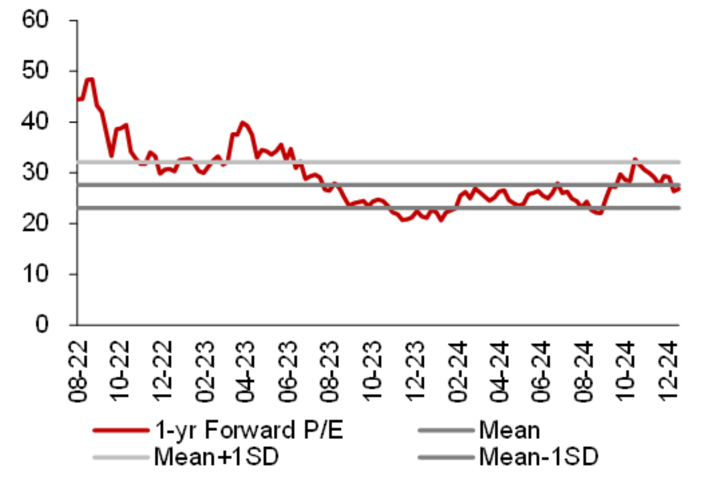
1. Naura Technology (002371 CH) - Solid Q3 earnings signal intact growth trajectory
2. Naura Technology (002371 CH) - Robust earnings with margin expansion; Maintain BUY
3. Naura Technology (002371 CH) - 1H24 profit alert points to solid 2Q results
4. Semi - Global SME investment set to accelerate on tech advancements, China localization; Initiate Naura w/ BUY

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	22,079	30,856	39,030	48,443
YoY growth (%)	50.3	39.7	26.5	24.1
Operating profit (RMB mn)	4,448	7,085	9,285	12,183
YoY growth (%)	55.1	59.3	31.0	31.2
Net profit (RMB mn)	3,899	5,806	7,547	9,873
YoY growth (%)	65.7	48.9	30.0	30.8
EPS(RMB)	7.36	10.9	14.2	18.6
P/E (x)	61.0	35.0	26.9	20.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-yr forward P/E band



Source: Company data, CMBIGM estimates

Kingdee (268 HK) – Domestic ERP SaaS leader

Rating: BUY | **TP:** HK$10.8 (27% upside) Analyst: Saiyi He/Frank Tao/Wentao Lu

- **Investment Thesis:** Kingdee is the largest enterprise resource management (ERM) vendor in China. We like Kingdee for its continuous SaaS transition in SME market while new opportunities in large enterprise market are emerging with domestic substitution trend. We expect Kingdee to deliver 16% revenue CAGR in FY23-26E, with total revenue to reach RMB8.9bn.

- **Our View:** We remain positive that Kingdee is well-positioned to benefit from the domestic substitution trend, backed by strong and continuously enhanced product capability and partner ecosystem. With greater revenue generation from subscription services than peers, Kingdee will likely enjoy greater visibility on revenue growth in 2024. Also, Kingdee's loss reduction remains on track thanks to efficient cost control, as well as optimization of cloud infrastructure spend aided by the price reduction of IaaS vendors.

- **Why do we differ vs consensus:** Huawei's self-developed ERP (MetaERP) could be negative to the China ERP market as competition heats up but the impacts to Yonyou and Inspur will be larger than Kingdee as the formers are more large-enterprises/ SOEs focused. Also, Huawei has to consider the potential implications to its Cloud business as Kingdee/ Yonyou/ Inspur may scale down their cloud resources usage with Huawei Cloud given direct competition in ERP.

- **Catalysts:** 1) Winning large SOEs' domestic substitution bidding; and 2) supportive policies related domestic substitution implementation.

- **Valuation:** We maintain BUY with TP of HK$10.8, based on 4.4x EV/sales, in line with one-year mean.

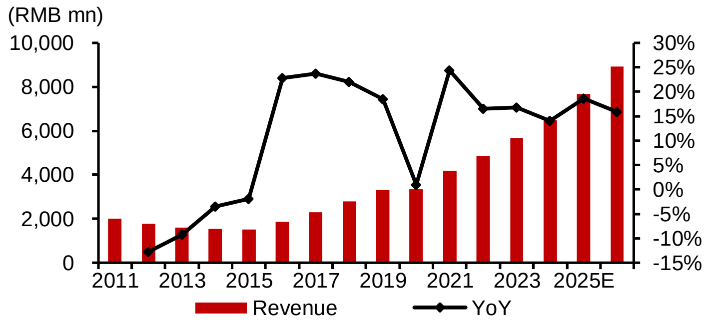
Link to latest report: Kingdee (268 HK) – Macro headwinds weighed on growth; loss reduction on track

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	5,679	6,475	7,682	8,902
YoY growth (%)	16.7	14.0	18.6	15.9
Net profit (RMB mn)	(209.9)	(11.5)	240.6	466.8
EPS (Reported) (RMB cents)	(6.04)	(0.33)	6.92	13.44
Consensus EPS (RMB cents)	N/A	(1.40)	6.87	15.90
P/E (x)	N/A	N/A	77.6	40.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Kingdee revenue and YoY



Source: Company data, CMBIGM estimates

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