招银国际
CMB INTERNATIONAL

CMBI Research Focus List

Our best high conviction ideas

17 Jun 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) FY24A	P/E (x) FY25E	P/B (x) FY24A	ROE (%) FY24A	Yield FY24A	Analyst
Long Ideas														
Geely Automobile	175 HK	Auto	BUY	21.1	187.4	16.4	24.00	46%	10.90	12.10	2.10	19.9	1.7%	Shi Ji/ Wenjing Dou/ Austin Liang
Xpeng Inc.	XPEV US	Auto	BUY	17.8	183.4	18.7	28.00	50%	N/A	N/A	4.30	N/A	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
Zoomlion	1157 HK	Capital Goods	BUY	8.3	8.3	6.2	7.40	19%	13.40	11.30	0.90	6.20	5.3%	Wayne Fung
SANY International	631 HK	Capital Goods	BUY	2.8	5.7	6.8	8.70	28%	17.30	8.40	1.60	15.5	4.5%	Wayne Fung
CGN Mining	1164 HK	Materials	BUY	2.3	21.9	2.4	2.61	10%	50.90	35.70	4.40	13.5	0.4%	Wayne Fung
JNBY	3306 HK	Consumer Discretionary	BUY	1.1	2.8	16.7	18.68	12%	9.50	9.00	3.70	40.5	9.0%	Walter Woo
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	10.0	75.7	35.3	40.61	15%	28.00	20.00	6.30	25.8	0.0%	Walter Woo
Proya	603605 CH	Consumer Staples	BUY	4.6	74.7	82.9	133.86	61%	22.40	18.80	6.30	30.8	2.1%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	3.8	9.9	12.3	18.61	52%	14.40	11.60	2.00	18.0	4.3%	Miao Zhang
BeiGene	ONC US	Healthcare	BUY	33.1	110.0	264.4	359.47	36%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
Innovent	1801 HK	Healthcare	BUY	16.9	183.7	80.3	94.74	18%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
AIA	1299 HK	Insurance	BUY	93.1	297.6	68.8	89.00	29%	N/A	N/A	2.41	16.2	2.5%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	42.4	65.9	15.0	15.80	5%	N/A	N/A	1.22	13.0	3.8%	Nika Ma
Tencent	700 HK	Internet	BUY	596.5	1579.2	509.5	660.00	30%	19.50	17.30	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	276.5	2264.5	116.0	155.50	34%	N/A	16.20	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu
Trip.com	TCOM US	Internet	BUY	39.5	211.3	60.5	70.00	16%	17.60	18.40	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao LU
Greentown Service	2869 HK	Property	BUY	1.8	2.4	4.4	6.13	40%	18.00	15.00	2.20	9.7	3.9%	Miao Zhang
Xiaomi	1810 HK	Technology	BUY	179.0	1715.2	54.2	65.91	22%	43.60	29.70	7.40	14.4	N/A	Alex Ng/ Hanqing Li
AAC Tech	2018 HK	Technology	BUY	6.0	48.3	40.1	58.78	47%	23.20	16.70	1.80	7.8	0.7%	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	8.9	106.0	30.9	43.22	40%	14.90	11.60	2.40	13.2	0.0%	Alex Ng/ Hanqing Li
Horizon Robotics	9660 HK	Semi	BUY	11.6	140.3	6.9	8.90	30%	N/A	N/A	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Willsemi	603501 CH	Semi	BUY	21.3	221.1	125.9	176.00	40%	45.30	29.60	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
BaTeLab	2149 HK	Semi	BUY	0.5	1.7	67.7	93.00	37%	24.10	19.30	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	30.5	259.1	412.4	512.00	24%	29.10	22.70	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Salesforce	CRM US	Software & IT Services	BUY	252.3	1901.9	263.9	388.00	47%	34.60	28.10	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao

Source: Bloomberg, CMBIGM. Data as of 17/6/2025 9:10 a.m.

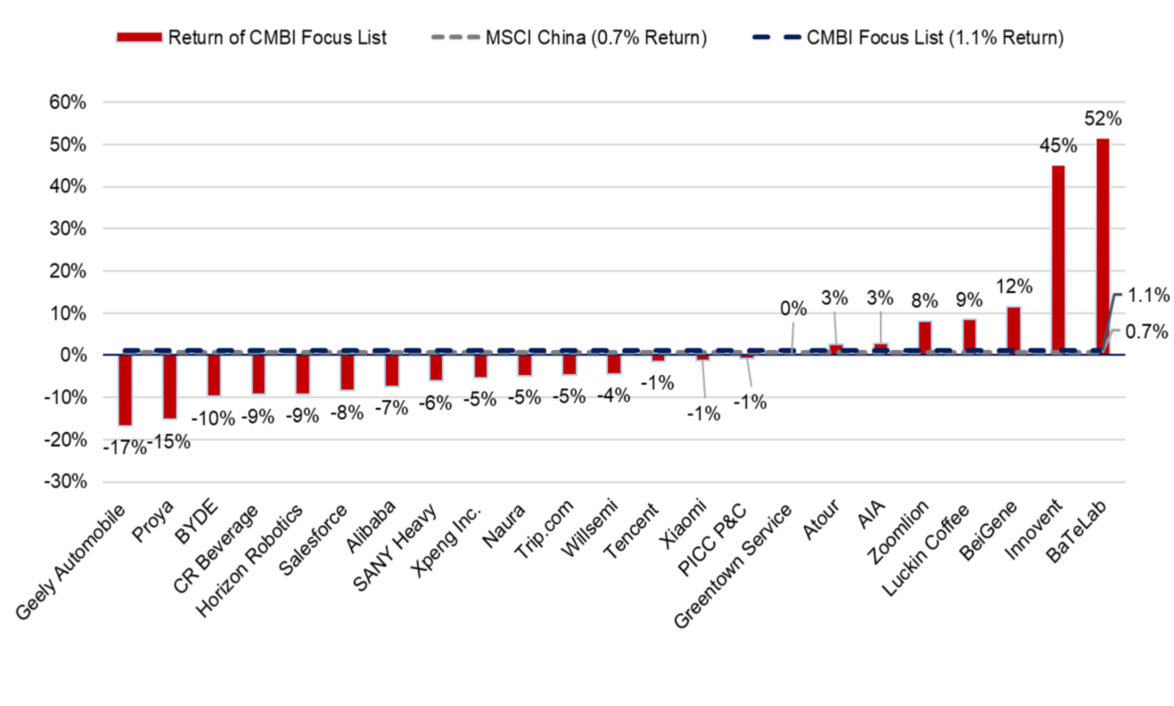
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
SANY International	631 HK	Capital Goods	BUY	Wayne Fung	We expect SANYI to return to a growth trajectory in 2025E. We see upside potential to the consensus forecast. The current valuation is 8x 2025E P/E is highly attractive.
CGN Mining	1164 HK	Materials	BUY	Wayne Fung	We see CGN Mining a good proxy to play the potential upside of spot uranium price.
AAC Tech	2018 HK	Technology	BUY	Alex Ng/ Hanqing Li	We believe AAC is well-positioned to capture multiple trends in AI smartphones (optics/VC/MEMs), foldable phones (hinges/casing), auto acoustics (speakers/MEMs) and robotics (actuators/EM) in FY25-27E. Trading at 16.7x/14.2x FY25/26E P/E, the stock is attractive in our view, vs 39%/18% EPS growth in FY25/26E.
JNBY	3306 HK	Consumer Discretionary	BUY	Walter Woo	Recent figures are improving (retail sales accelerated slightly to at least HSD in May 2025 (vs YTD 2025) while discounts should have also narrowed (vs 1Q25); therefore, we are more positive about its near-term outlook and it should also benefit from the climbing interest in yield plays .
Deletions					
SANY Heavy	600031 CH	Capital Goods	BUY	Wayne Fung	We see a lack of short-term catalyst given that slowdown of industry sales of excavators in May.
Atour	ATAT US	Consumer Discretionary	BUY	Walter Woo	N/A

Source: CMBIGM

Performance of our recommendations

- In our last report dated 20 May 2025, we highlighted a list of 23 long ideas.
- The basket (equal weighted) of these 23 stocks outperformed MSCI China index by 0.4ppts, delivering 1.1% return (vs MSCI China 0.7%).
- 7 out of the 23 stocks outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 20 May 2025 to 16 Jun 2025

Long Ideas

Geely Automobile (175 HK) – More synergies to come

Rating: BUY **|** TP: HK$24.00 (46% upside) Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** Geely's share price has experienced a pullback due to industry competition and rumors. We believe the stock has become attractive again and recommend investors to buy the dip**.** Geely's 1Q25 net profit of RMB5.7bn was in line with its previous profit alert of RMB5.2-5.8bn, while its SG&A expenses were significantly lower than our prior forecast. That may have reflected the initial synergies between Zeekr and Lynk & Co, and we expect more synergies to come after the integration of different brands, platforms and management. We have revised up our FY25E and FY26E net profit forecast both by 4%.
- **More synergies to come**. It appears to us that Geely's superb cost control in 1Q25 has reflected the initial synergies between Zeekr and Lynk & Co. Total savings in procurement costs, SG&A and R&D expenses combined could be as much as several billion RMB, based on management's guidance, after the full integration of brands, platforms and management. Should Geely's share price continue to rise, more shareholders of Zeekr (ZK US, NR) may convert their shares to Geely's, which could lower Geely's cash burden to privatize Zeekr. We expect a significant profit increase at Zeekr to start from FY26E, which means now could be a good timing for the privatization.
- **Earnings/Valuation**. We have raised our FY25E sales volume forecast from 2.74mn units to 2.8mn units. We have also revised up FY25E forecast for GPM by 0.7ppts to 16.1%. Accordingly, we have raised our FY25E net profit by 4% to RMB15.2bn. We also raise our FY26E net profit by 4% to RMB16.7bn for two reasons: 1) cost savings from synergies; 2) greater stakes in Zeekr (100% vs. 65.7%) after the proposed privatization. We maintain our BUY rating and raise our target price slightly from HK$23.00 to HK$24.00, based on 15x our FY25E P/E. We are of the view that such multiple is justified given that BYD (1211 HK, BUY) is now trading at 21x our FY25E P/E.

Link to latest report: Geely Automobile (175 HK) - More synergies to come

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	179,204	240,194	341,339	384,555
YoY growth (%)	21.1	34.0	42.1	12.7
Net profit (RMB mn)	5,308.4	16,632.4	15,162.6	16,707.4
YoY growth (%)	0.9	213.3	(8.8)	10.2
EPS (Reported) (RMB)	0.53	1.65	1.50	1.64
P/E (x)	34.3	10.9	12.1	11.0
P/B (x)	2.3	2.1	2.1	1.9
Yield (%)	1.1	1.7	3.3	3.6
ROE (%)	6.8	19.9	17.4	17.8
Net gearing (%)	(38.8)	(45.9)	(49.9)	(57.8)

Source: Company data, Bloomberg, CMBIGM estimates

Xpeng Inc. (XPEV US/9868 HK) – Entered a virtuous circle

Rating: BUY **| TP:** US$28.00/HK$110.00 (50% upside) Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY**. Xpeng's 1Q25 earnings beat on GPM and government grants. We further raise our FY25E sales volume and GPM forecasts given the current sales momentum and more new model rollouts in 2H25. We are of the view that Xpeng may achieve a breakeven at the net level in 3Q25. Such profit growth path has helped Xpeng enter a virtuous circle with more R&D investments and even higher profits, in our view.

- **Improving profitability could support more new models and AI investments**. We raise our FY25E sales volume forecast by 20,000 units to 460,000 units amid strong sales in the first four months of 2025 and more new model rollouts in 2H25. We revise up FY25E vehicle GPM from 11.3% to 12.0%, as new models with higher GPMs are to contribute more sales. We are of the view that it is possible for Xpeng to achieve a breakeven at the net level in 3Q25. A guidance of 32% YoY increase in R&D expenses in FY25E means a good number of new models to continue in FY26E. Xpeng's proprietary AI chip plans to be equipped from 3Q25 means another big step forward in autonomous driving progress.

- **Earnings/Valuation**. We revise our FY25E net loss from RMB1.7bn to RMB0.9bn after raising sales volume and GPM forecasts. We also revise up FY26E GPM by 1.2ppts to 16.8%. We raise our FY26E net profit from RMB1.2bn to RMB3.7bn, by taking a possible tax credit into consideration. We maintain our BUY rating and target price of US$28.00 (HK$110), still based on 1.8x (unchanged) our FY26E P/S. We think a valuation that is slightly higher than peers is justified given its leading AI capabilities and clearer profit growth pattern. Key risks to our rating and target price include lower sales volume and/or GPM than we expect, slower monetization timeline for robot and a sector de-rating.

Link to latest report: Xpeng Inc. (XPEV US/9868 HK) - Entered a virtuous circle

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	30,676	40,866	86,862	109,437
YoY growth (%)	14.2	33.2	112.6	26.0
Gross margin (%)	1.5	14.3	16.1	16.8
Operating profit (RMB mn)	(10,889.4)	(6,658.1)	(2,608.5)	849.0
Net profit (RMB mn)	(10,375.8)	(5,790.3)	(907.2)	3,683.0
EPS (Reported) (RMB cents)	na	na	na	na
P/S (x)	(595.99)	(306.14)	(47.60)	191.76
P/B (x)	3.4	4.3	4.4	3.9

Source: Company data, Bloomberg, CMBIGM estimates

Zoomlion (1157 HK) – High payout ratio and yield will likely gain traction amid low borrowing rate

Rating: BUY | **TP:** HK$7.4 (19% upside)

Analyst: Wayne Fung

- **Investment thesis:** We continue to like Zoomlion's global expansion strategy. On the product side, the offering of a full range of machinery through an effective direct sales model enables Zoomlion to penetrate different key markets overseas. On regions, the priorities on emerging economies in regions 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.

- **Our view:** Zoomlion's earnings growth in 1Q25 was largely helped by gains on asset disposal, while core profit was below our expectation. For 2Q25E, we expect the core profit to resume growth. Besides, with sharp declines in Hong Kong borrowing rates (HIBOR as reference), we see chances for more interest in high-dividend-payout and high-yield names. With >70% payout ratio and >6% yield, we expect Zoomlion will gain traction in the near term.

- **Where do we differ vs consensus:** Our earnings forecast in 2025E/26E is -13%/-18% versus consensus. That said, we believe the low valuation at present offers some buffer for earnings risk.

- **Catalysts:** (1) recovery of overseas sales; (2) rising interest in high-dividend-yield names.

- **Valuation:** Our H-share TP of HK$7.4 is based on a 30% discount to our A-share TP (RMB9.9 based on 19.5x 2025E P/E, equivalent to the five-year average historical P/E of 15x plus 1SD).

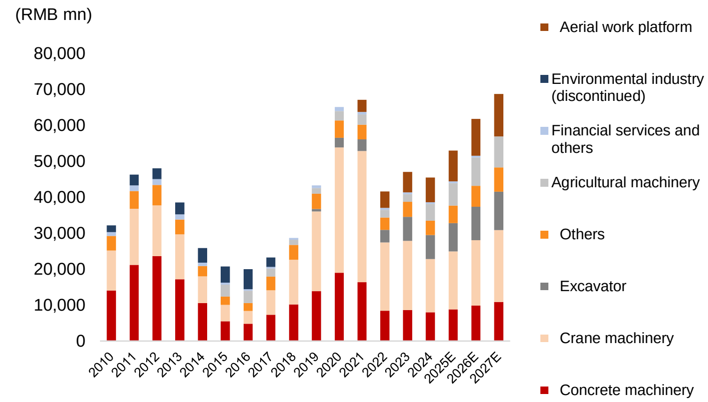
Link to latest report: Zoomlion (1157 HK) - 2024 results below expectation; Still positive on the structural overseas growth trend

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	45,478	52,999	61,848	69,277
YoY growth (%)	-3.4	16.5	16.7	12.0
Core net income (RMB mn)	3,521	4,177	4,705	5,229
Core EPS (RMB)	0.42	0.51	0.57	0.63
YoY growth (%)	(1.3)	19.2	12.7	11.1
Consensus EPS (RMB)	N/A	0.58	0.70	N/A
EV/EBIDTA (x)	11.1	9.0	7.9	7.1
P/E (x)	13.4	11.3	10.0	9.0
P/B (x)	0.9	0.8	0.8	0.8
Yield (%)	5.3	5.9	6.6	7.4
ROE (%)	6.2	7.2	7.9	8.5
Net gearing (%)	20.7	25.3	28.9	31.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Zoomlion's revenue breakdown



Source: Company data, CMBIGM estimates

SANY International (631 HK) – Earnings recovery on track + attractive valuation

Rating: BUY | **TP:** HK$8.7 (28% upside)

Analyst: Wayne Fung

- **Investment thesis:** SANYI's mining equipment segment will benefit from the improvement of coal mining capex as well as the transformation of intelligent models. Besides, the offerings of more large-size mining trucks will be another growth driver over the coming years, in our view. For port machinery, SANYI's large-size port machinery will likely see high growth as the capacity bottleneck has been resolved following the commencement of the lighthouse factory.

- **Our view:** We expect SANYI to return to a growth trajectory in 2025E, driven by stabilized demand for road headers, strong growth of large-size port equipment, as well as better-than-expected domestic mining trucks, which will offset the relatively weak sales of combined coal mining units (CCMUs). Besides, we believe the emerging business segments are running at a manageable level of loss (~RMB200-250mn in 2025E based on our estimate), which we think will ease market concerns.

- **Where do we differ vs consensus:** Our earnings forecast in 2025E/26E is -2%/3% above consensus. We see further potential earnings upside.

- **Catalysts:** (1) Further improvement of coal mining capex; (2) Better-than-expected port machinery sales in 2Q25E.

- **Valuation:** Our TP of HK$8.7 is based on 11x 2025E P/E, equivalent to the average since 2017. We see the current valuation of 8-9x as an attractive entry point, given the improving earnings visibility.

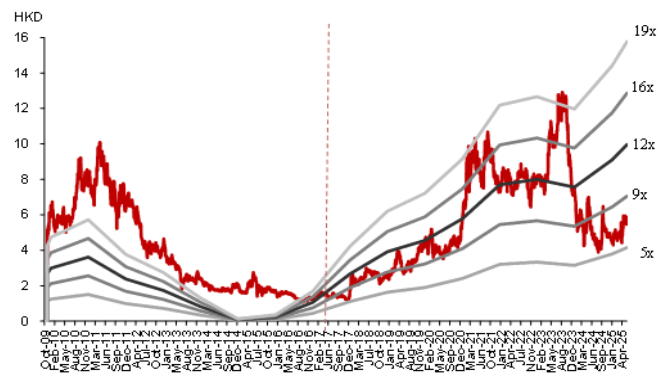
Link to latest report: SANY International (631 HK) - Early stage of earnings recovery + attractive valuation offer good entry point

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	21,910	25,396	30,053	35,208
YoY growth (%)	8.0	15.9	18.3	17.2
Core net income (RMB mn)	1,850	2,244	2,774	3,275
Core EPS (RMB)	0.58	0.70	0.87	1.02
YoY growth (%)	(4.6)	21.3	23.6	18.1
Consensus EPS (RMB)	N/A	0.69	0.82	0.95
EV/EBIDTA (x)	9.1	5.2	4.3	3.7
P/E (x)	17.3	8.4	6.8	5.8
P/B (x)	1.6	1.4	1.2	1.1
Yield (%)	4.5	4.8	5.9	7.0
ROE (%)	15.5	17.4	19.1	19.8
Net gearing (%)	17.5	17.9	13.2	3.5

Source: Company data, Bloomberg, CMBIGM estimates

Fig: SANYI's P/E band



Source: Company data, CMBIGM estimates

CGN Mining (1164 HK) – A good proxy to play the recovery of uranium spot price

Rating: BUY | **TP:** HK$2.61 (10% upside)

Analyst: Wayne Fung

- **Investment thesis:** We anticipate that the global uranium demand will be driven by the structural growth of nuclear power over the next decade. This, coupled with the unstable uranium mine output, will likely keep uranium price elevated over the coming years. CGN Mining is well-positioned to capitalize on the long-term uranium price uptrend, through its two JVs that hold stakes in four low-cost uranium mines in Kazakhstan.

- **Our view.** CGN Mining released a new pricing mechanism for the off-take agreement (2026-28) with its parent company. Under the new mechanism, the proportion of fixed pricing will be reduced to 30% from 40% currently. Most importantly, the fixed price in 2026E is set at US$94.22/lb (with 4.1% increment per year in 2027E/28E), which is way higher than the US$61.78/lb in 2023 (with annual increment of 3.5% in 2024/25) under the current mechanism. Besides, the new pricing is also ~18% higher than the latest industry contract price (~US$80). We see this as a big surprise to the market which also helps remove the major overhang about the uncertain pricing mechanism.

- **Where do we differ vs consensus:** Our earnings forecast in 2025E/26E is -26%/-15% versus consensus. The deviation is due to high earnings sensitivity to different ASP assumptions.

- **Catalysts:** (1) further increase in uranium spot price; (2) more policies to support nuclear power across the globe.

- **Valuation:** We apply NPV methodology to value CGN Mining. Our target multiple of NPV (3x) is to reflect the potential conversion from resources to reserves amid the uptrend of uranium price. Our long-term assumptions include: (1) uranium price increasing 1.5% p.a. from US$91/lb during 2027-31, (2) a stabilized price at US$96 thereafter, and (3) production costs rising 1% p.a. during 2027-42 to reflect inflation.

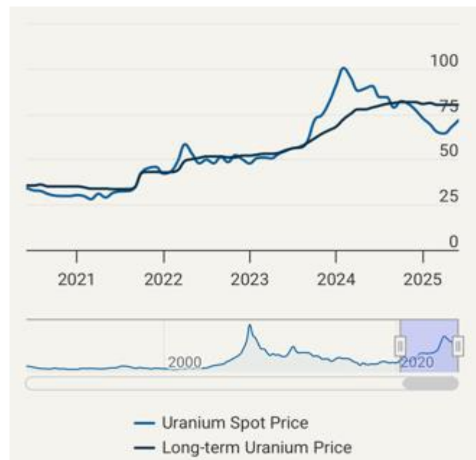
Link to latest report: CGN Mining (1164 HK) - New pricing formula for off-take agreement a big surprise

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (HK$ mn)	8,624	9,376	11,108	12,371
YoY growth (%)	17.1	8.7	18.5	11.4
Core net income (HK$ mn)	527	487	834	986
Core EPS (HK$)	0.069	0.064	0.110	0.130
YoY growth (%)	6.0	(7.5)	71.2	18.2
Consensus EPS (HK$)	N/A	0.09	0.13	0.15
EV/EBIDTA (x)	(145.8)	(215.6)	124.5	159.4
P/E (x)	50.9	35.7	20.9	17.7
P/B (x)	4.4	4.0	3.4	3.0
Yield (%)	0.4	0.6	1.0	1.1
ROE (%)	13.5	11.8	17.7	18.0
Net gearing (%)	9.5	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Uranium contract price vs spot price



Source: Cameco, CMBIGM

JNBY (3306 HK) – Sales trend is muted but yield is still attractive

Rating: BUY **| TP:** HK$18.68 (12% upside)

Analyst: Walter Woo

- **Investment thesis:** JNBY is a leading designer brand in China, owning brands like JNBY, CROQUIS, less and jnby by JNBY, etc.. We believe its FY26E targets of RMB6.0bn listco sales/ RMB900mn NP are robust (10%/ 13% sales/ NP CAGR during FY23-26E) and achievable. Growth drivers include: 1) industry consolidation, 2) upgrades in products and branding, 3) store revamps, 4) ramp up of its digital related and e-commerce sales, 5) store expansion and 6) development of new brands.
- **Our view:** We are more positive on JNBY lately, as its retail sales growth accelerated to at least HSD in May 2025 (vs positive in YTD 2025), thanks to macro (extended holidays and hence increased foot traffic, and improved consumer sentiment) and company-specific reasons (launched a promotion campaign with Xiaohongshu and the earlier and longer pre-sales for the 618 Festival). Going forward, we are not pessimistic (policy support may offset the tariff drags) and expect JNBY to deliver at least inline results (efforts to boost customer experience may start to yield more positives). JNBY will also benefit from climbing interest in yield plays.
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 1%/ 2%/ 3% higher vs consensus and our net profit forecasts are 2%/ 7%/ 9% vs street as we are more optimistic both on sales growth and its OP margin expansion.
- **Catalysts:** 1) Better-than-expected SSSG, 2) better-than-expected product and branding upgrades, and 3) faster-than-expected store expansion.
- **Valuation:** We derived our 12m TP of HK$18.68 based on a 10x FY6/25E P/E. We believe JNBY's downside is well protected by its solid fundamentals (better than industry) and attractive yield. The stock is trading at ~9x FY6/25E P/E and 8% FY6/25E yield.

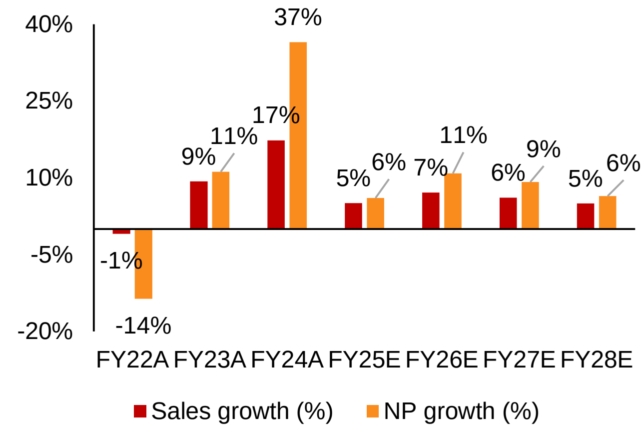
Link to latest report: JNBY Design (3306 HK) – Sales trend is muted but yield is still attractive

Financials and Valuations

(YE 30 Jun)	FY24A	FY25E	FY26E	FY27E
Sales (RMB mn)	5,238	5,503	5,895	6,254
YoY change (%)	17.3	5.1	7.1	6.1
Adj. Net profit (RMB mn)	848	900	997	1,088
EPS - Fully diluted (RMB)	1.635	1.734	1.922	2.098
YoY change (%)	33.8	6.1	10.8	9.2
Consensus EPS (RMB)	N/A	1.740	1.800	1.910
P/E (x)	9.5	9.0	8.1	7.4
P/B (x)	3.7	3.4	3.0	2.7
Yield (%)	9.0	8.3	9.2	10.1
ROE (%)	40.5	38.9	39.0	38.2
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth, yearly



Source: Company data, CMBIGM estimates

Luckin Coffee (LKNCY US) – Management is prudent but long-term story intact

Rating: BUY | **TP:** US$40.61 (15% upside)

Analyst: Walter Woo

- **Investment thesis:** Luckin Coffee is the largest and fastest-growing coffee brand in China, with 16,248 stores, sales of RMB 24.9bn and net profit of RMB 2.85bn and a market share of 21.7% in FY23. On top of quality coffee, it also emphasizes digital engagement, convenience, and competitive pricing. Growth drivers includes: 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 in lower-tier cities.
- **Our view:** According to our channel check, SSSG in Apr-May 2025 is likely at HSD+ (somewhat better than 8.1% in 1Q25), thanks to: 1) better weather, 2) low base last year, 3) JD's push in its food delivery business, 4) reductions in competition and 5) product category expansion (the Kale drink is very hot-selling and a success). For profitability, we still expect a stable GP margin in 2Q25E but some retreats in 2H25E (but still controllable given the better product mix like selling more Americanos). And we are confident on OP margin improvement, supported by: 1) operating leverage and 2) higher labour efficiency (higher production per head and use of part-time staff, etc.).
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our net profit forecasts are +17%/ +13%/ +9% vs street as we are more confident on sales growth and GP margin.
- **Catalysts:** Better-than-expected new products, store expansion, store efficiency and government stimulus.
- **Valuation:** We derived our 12m TP of US$40.61 based on 23x 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 cheap in our view, as it is trading at around 20x FY25E P/E.

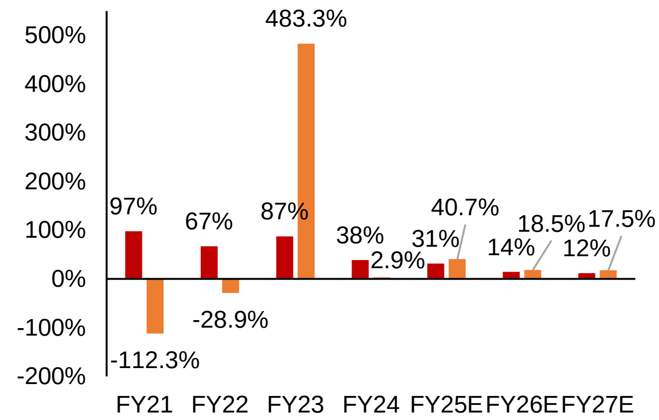
Link to latest report: Luckin Coffee (LKNCY US) - Management is prudent but long-term story intact

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Sales (RMBmn)	34,475	45,263	51,669	57,838
YoY change (%)	38.4	31.3	14.2	11.9
Net profit (RMBmn)	2,932	4,124	4,886	5,740
EPS - Fully diluted (RMB)	1.15	1.604	1.891	2.211
YoY change (%)	1.9	40.0	17.9	16.9
Consensus EPS (RMB)	N/A	1.530	1.860	2.277
P/E (x)	28.0	20.0	17.0	14.5
P/B (x)	6.3	4.8	3.8	3.0
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	25.8	27.3	24.9	23.0
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 (61% upside)

Analysts: Miao Zhang

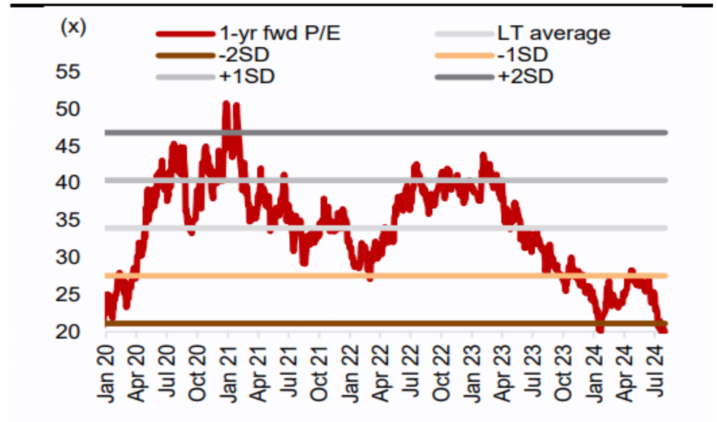
- Proya's 2Q24 results beat consensus with revenue/net profit +41%/37% YoY (1H24 revenue/net profit +37.9/40.5% YoY), mostly contributed by the accelerated sales growth of main brand to 37.7% YoY. The earnings ranked the top among peers. 1H24 GPM dropped by 0.7 ppt. and steadied at 69.8%, accompanied by the 3 ppt. 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 slight upward trend.
- **Hero SKUs outperform consistently benefiting earnings.** Proya continued to consolidate the "hero product strategy", 1H24 image promotion fees +50% YoY and selling expense ratio hiked 3 ppt. YoY to 46.7%. Thanks to the hero products that powered up re-purchase rates on both Tmall and Douyin (now at 40%+ and 30%+, respectively) and its 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 to remain intact for 2024E. Amid the challenging landscape, the company's priority of achieving steadfast market share in the upcoming 11.11 may increase marketing expense ratio in 2H, given Douyin's unfavourable mechanism and the high return rate circumstance broadened.
- **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 segment achieved growth exceeding 42% YoY, demonstrating the all three major BUs are now on track of sustainable growth. Meanwhile, management reaffirmed the overseas expansions 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 overseas' steady growth.
- **Valuation.** Maintain BUY with TP at RMB 133.86, based on 35x 2024E P/E.

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	6,385	8,905	11,064	13,381
YoY growth (%)	37.8	39.5	24.3	20.9
Net income (RMB mn)	817.4	1,193.9	1,466.7	1,751.3
EPS (RMB)	41.9	46.1	22.9	19.4
YoY growth (%)	2.06	3.01	3.70	4.41
Consensus EPS (RMB)	N/A	N/A	3.90	4.81
P/E (x)	40.2	27.5	22.4	18.8
P/B (x)	9.3	7.5	6.3	5.3
Div yield (%)	0.7	1.7	2.1	2.4
ROE (%)	25.5	30.3	30.8	31.0
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) – Pleasant surprises from special dividends and target hike

Rating: BUY **| TP:** HK$18.61 (52% upside)

Analysts: Miao Zhang

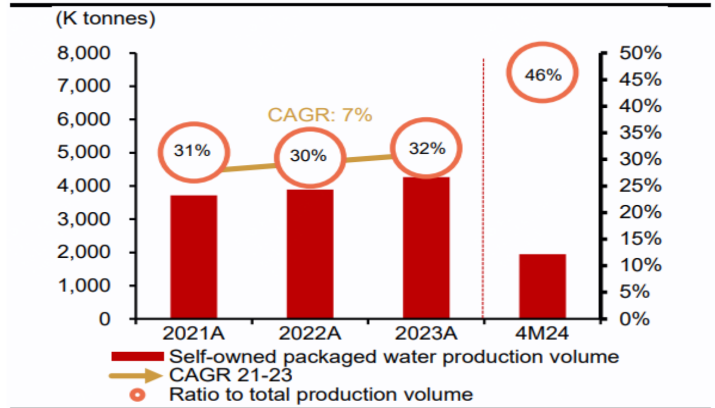
- CR Beverage's FY24 revenue was flat YoY at RMB13.5bn, missing CMBI's forecast by 6% due to stiffer packaged water competition and headwinds from the consumption climate, extreme weather in core areas and capacity limits of beverage products. Net profit rose 23.1% YoY to RMB1.6bn, or 25% excluding listing costs, beating CMBI's estimate by 4%, as gross margin rose 3pct to 47.3% on a higher proportion of self-owned capacity. The company has lifted its 2025 self-owned capacity proportion target to 70% from 60%, which should support sustained high growth in profit in our view. We like the company's solid position in the packaged water market and the growth potential of its beverage business. We project the company's revenue/net profit CAGR in FY25-27E to reach 9%/17%. Maintain BUY with TP of HK$18.61, based on 18x 2025E PE. Catalysts: hero products or M&A in beverage segment. Risks: Consumer sentiment plunges, price war, product quality/safety issues, raw material price hikes etc.
- **Revenue slightly missed, NP in line.** FY24 revenue was flat YoY, dragged by packaged water segment, which booked a 4.5% growth in retail sales, outpacing the industry's 2.5% (mkt share +0.4ppt to 18.8%), but ended up the year with a 3% decline in revenue due to both competitive pressures and network expansion necessitating price concessions to channels and outlets. Beverage revenue rose 31%, shy of the 40% guidance, impacted by weak consumer sentiment and capacity constraints. Net profit rose 23%, or 25% ex-listing costs, as self-owned capacity and lower raw material prices boosted gross margin by 2.7ppt to 47.3%.
- **Lifted self-owned capacity target to 70% by 2025.** The company's self-owned capacity proportion surged from 36% in FY23 to 50% in FY24. It aims to raise this to 70% by the end of the 14th Five-Year Plan period (2021-2025), up from the prior target of 60%. This signals a faster gross margin ramp-up in 2025 and sustained high capital expenditure.
- **Surprise in shareholder returns.** The company offers a 40% dividend payout ratio and has surprised the market with a 20% special dividend, contrary to expectations of prioritizing capital expenditure over dividend payout during the expansion stage. The company stated to maintain a stable dividend payout ratio going forward.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	13,515	13,521	14,414	15,538
YoY growth (%)	7.1	0.0	6.6	7.8
Net income (RMB mn)	1,329.3	1,636.7	2,028.7	2,405.8
EPS (RMB)	34.3	23.1	23.9	18.6
YoY growth (%)	0.66	0.79	0.98	1.16
Consensus EPS (RMB)	N/A	N/A	0.82	0.94
P/E (x)	17.1	14.4	11.6	9.8
P/B (x)	3.1	2.0	1.8	1.6
Div yield (%)	0.0	4.3	3.5	4.1
ROE (%)	21.3	18.0	17.2	18.3
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

BeiGene (ONC US) – First-ever quarterly GAAP profit marks major milestone

Rating: BUY **| TP:** US$359.47 (36% upside)

Analysts: Jill Wu/ Andy Wang

- **Investment thesis:** Sales of zanubrutinib remained strong. BeiGene reported product revenue of US$1.11bn in 1Q25 (+48% YoY, -1% QoQ), with zanubrutinib (Zanu) contributing US$792mn (+62% YoY, -4% QoQ). Adjusted for the US$30mn positive impact from seasonality and timing of customer order patterns in 4Q24, Zanu's underlying QoQ growth in 1Q25 was approximately +3%, which we consider strong given that the first quarter typically registers moderate sequential growth across the BTKi class. In the US, Zanu remains the class leader in new patient prescriptions for both first-line and R/R CLL, and became the top-selling BTKi by revenue in the US for the first time in 1Q25. Globally, Zanu's BTKi market share expanded to ~30% in 1Q25 (vs ~20% in 1Q24), while in the US it currently captures ~25% of new CLL prescriptions across all lines as of 4Q24, implying substantial upside for further share gains from other BTKis and alternative regimens.
- **Our view:** The first-ever quarterly GAAP profitability in 1Q25 marks a significant milestone. BeiGene reported GAAP operating income of US$11mn and GAAP net income of US$1mn, while non-GAAP operating profit reached US$139mn. This improvement was primarily driven by strong top-line growth and enhanced operating leverage. We remain confident in management's guidance for achieving GAAP operating income breakeven in FY25, underpinned by expected revenue growth to US$4.9–5.3bn (+29-39% YoY) and a moderate increase in operating expenses (+8-16% YoY).
- **Where do we differ**: We expect BeiGene to achieve significant R&D milestones in 2025. BGB-43395 (CDK4 inhibitor) has PoC data scheduled for release at the company's R&D Day on June 26. BeiGene is preparing to initiate Ph3 trials of BGB-43395. In hematology, Ph2 data for Sonrotoclax (Bcl-2i) in R/R MCL (global) and R/R CLL (China) are expected in 2H25. In addition, two Ph3 trials of Sonro in R/R MCL and R/R CLL are being initiated in 1H25. For BGB16673 (BTK CDAC), which is currently in a Ph3 trial in post-BTK/Bcl-2i CLL, BeiGene is also preparing a head-to-head Ph3 study versus pirtobrutinib in 2L CLL in 2H25. Furthermore, multiple assets are expected to reach PoC this year, including CDK4i, PanKRASi, B7H4 ADC, EGFR ADC, etc.
- **Valuation:** We maintain a positive outlook on BeiGene's earnings growth and R&D progress. We derive our target price of US$359.47 based on DCF valuation (WACC: 9.32%, terminal growth rate: 3.0%).

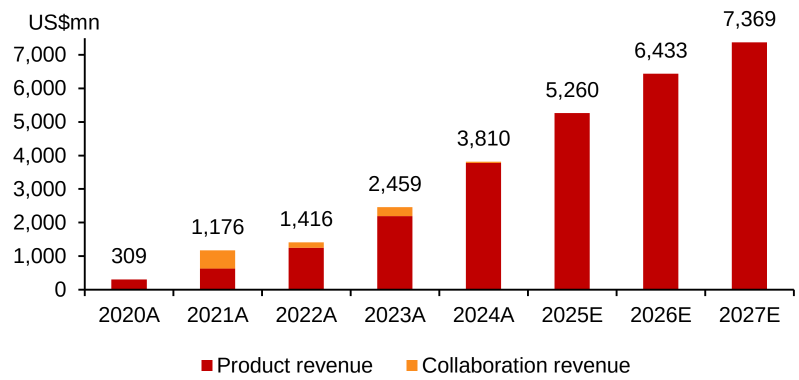
Link to latest report: [BeiGene (ONC US) - First-ever quarterly GAAP profit marks major milestone]

Financials and Valuations

(YE 31 Dec)	FY25E	FY26E	FY27E
Revenue (US$ mn)	5,260	6,433	7,369
YoY growth (%)	38%	22%	15%
Net profit (US$ mn)	211	878	1,218
EPS (US$)	1.90	7.90	10.96
Consensus EPS (US$)	1.40	5.49	9.19
R&D expenses (US$ mn)	(2,104)	(1,994)	(2,137)
Capex (US$ mn)	(200)	(200)	(200)

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

Innovent (1801 HK) – Entering sustainable profitability with a global innovation engine

Rating: BUY **| TP:** HK$94.74 (18% upside) Analysts: Jill Wu/ Andy Wang

- **Investment thesis:** To achieve sustainable profitability. Innovent recorded strong product sales growth of 44% YoY in FY24 to RMB8.23bn, and achieved profitability ahead of schedule in FY24, realizing full-year non-IFRS net profit of RMB332mn and non-IFRS EBITDA profit of RMB412mn. In 1Q25, Innovent's product sales increased 20% QoQ to RMB2.4bn, achieving a record high quarterly result. Looking ahead to FY25, driven by strong product sales and improved operating efficacy, mgmt projects continued non-IFRS EBITDA profitability, even excluding the US$80mn upfront payment from the DLL3 ADC out-licensing deal with Roche.
- **Our view:** We believe IBI363 (PD-1/IL-2) has the potential to become a blockbuster next-generation IO therapy, targeting IO-treated and cold tumors. IBI363 has demonstrated promising survival benefits for both IO-resistant sq- and nsq-NSCLC. For sq-NSCLC, the 9.3 months of mPFS of IBI363 (3mg/kg) is highly competitive compared to peers. The 12-month OS rate of IBI363 monotherapy has reached 70.9% for sq-NSCLC and 71.6% for nsq-NSCLC, higher than AK112 in combo with docetaxel which delivered a 65% 12-month OS rate for IO-resistant NSCLC patients (sq- and nsq- combined). For 3L+ CRC, IBI363 mono achieved an mOS of 17.5 months, better than fruquintinib's 9.3 months observed in the FRESCO trial. With a pivotal Ph2 trial in 1L melanoma ongoing, Innovent expects to start Ph3 trials of IBI363 in IO-resistant sq-NSCLC and 3L+ CRC in 2H25. In addition, we see significant out-licensing potential of IBI363.
- **Where do we differ**: Innovent also has emerging blockbuster pipelines in CVM and beyond. Key CVM pipelines include IBI3016 (AGT siRNA), IBI3032 (GLP-1 small molecule), IBI3012 (GIP/GLP-1/GCG), and IBI3030 (PCSK9-GLP-1/GCG/GIP). Innovent targets five assets to enter Ph3 MRCTs by 2030, laying the foundation for globalization.
- **Valuation:** Driven by the anticipated near-term approval of mazdutide, continued profitability, and strong momentum across its innovative pipeline, we derive our target price of HK$94.74 based on DCF valuation (WACC: 9.0%, terminal growth rate: 3.0%).

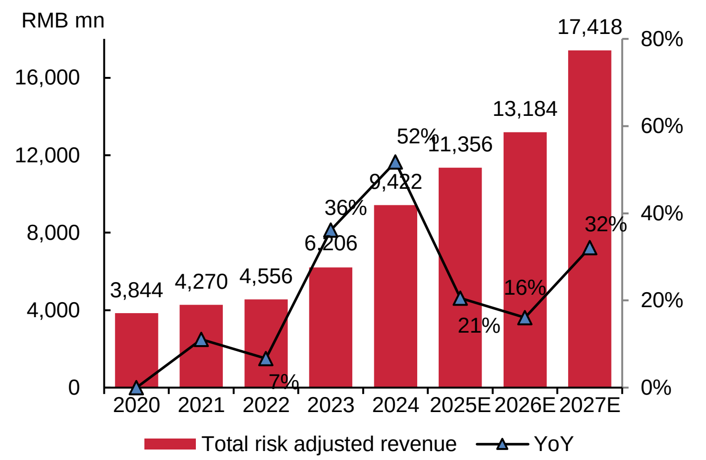
Link to latest report: Innovent (1801 HK) - ASCO comments: IBI363 demonstrated potential as next-generation immune-oncology therapy

Financials and valuations

(YE 31 Dec)	FY25E	FY26E	FY27E
Revenue (RMB mn)	11,356	13,184	17,418
YoY growth (%)	20.5	16.1	32.1
Net profit (RMB mn)	446	757	2,053
EPS (RMB)	0.27	0.46	1.25
Consensus EPS (RMB)	0.21	0.79	1.55
R&D expenses (RMB mn)	(2,676)	(2,755)	(3,025)
Capex (RMB mn)	(300)	(300)	(300)

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

AIA (1299 HK) - Early completion of US$1.6bn buyback a short-term catalyst

Rating: BUY | **TP:** HK$89.0 (29% upside)

Analyst: Nika Ma

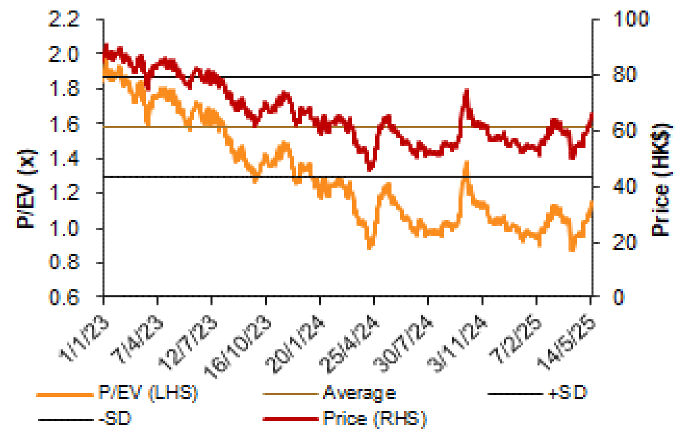
- **Investment thesis:** We expect AIA to deliver decent VONB growth in 1H on top of a high base (+21%) underpinned by continued margin expansion for China's product transition to protection and participating-typed long-term savings, and robust momentum in agency to contribute diverse VONB growth across ex-China markets. For AIA China/HK, we think regulatory tightening and intense competition in bancassurance and brokerage channels could still hinder value growth of the regions, yet with effects gradually fading. Group capital position remained strong to support a total shareholder return at 6.2% in FY25E, with 3.3%/2.9% of dividend/buyback yields, on our estimate. The early completion of US$1.6bn buyback by July could boost share price as a short-term catalyst.
- **1Q25 VONB grew amid diversification.** Group VONB jumped 13% YoY (CER) to US$1.5bn in 1Q25, thanks to continued margin expansion by 3.0pct to 57.5% and a 7% rise in ANP. Agency VONB rose on sales momentum of traditional and participating products to US$1.22bn (75% mix), up 21% YoY. Partnership VONB growth retreated to +2% (vs 1Q24: +70%), affected by falling VONB of China bancassurance and HK IFA amid intensified competition. For CN, VONB grew 8% like for like prior to assumption adjustments, a beat to our expectation, as we were concerned about margin pressure and a high base (vs 1Q24: +38%). CN VONB slid 7% YoY on an actual basis. HK VONB rose 16% YoY with domestic and MCV segments rising on balance. Thailand VONB accelerated in 1Q25 as clients rushed to buy individual medical insurance products ahead of the co-payment initiative, which took effect from Mar 20. Malaysia VONB grew in bancassurance, offset by agency slowdown. We expect Group VONB to rise by mid-teens in FY25.
- **Maintain BUY with TP at HK$89.0.** The stock is now trading at 1.26x FY25E P/EV with 15.7% operating ROE, and 6.2% total shareholder return. Our TP based on the appraisal value approach implies 1.6x FY25E P/EV.
- **Downside risks:** prolonged interest rate down-cycle across operating markets; heightened FX and equity market volatilities; worse-off operating variances, etc..

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
OPAT (USD mn)	6,605	6,816	7,398	8,053
Operating EPS (USD)	0.60	0.66	0.73	0.81
Consensus EPS (USD)	N/A	0.66	0.72	0.81
P/EV (x)	1.41	1.26	1.16	1.05
P/B (x)	2.41	1.99	1.70	1.42
Dividend yield (%)	2.5	2.7	3.0	3.3
ROE (%)	16.2	15.7	15.0	14.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: AIA (1299 HK): share price and P/EV(x) valuation band



Source: Bloomberg, CMBIGM estimates

PICC P&C (2328 HK) – Optimized CoR props up earnings visibility

Rating: BUY **| TP:** HK$15.80 (5% upside)

Analyst: Nika Ma

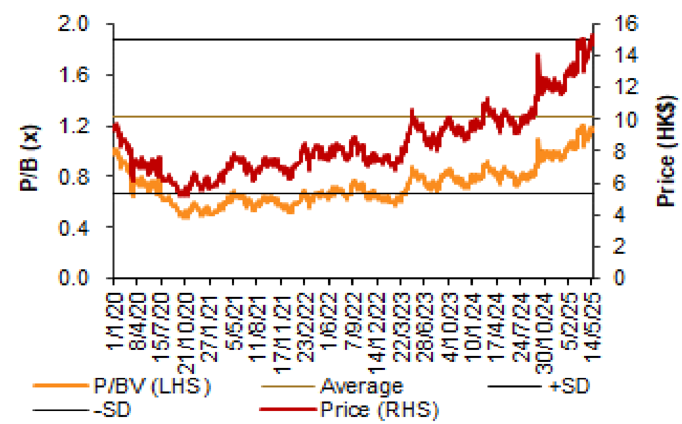
- **Investment thesis:** We think PICC P&C could meet the bullish guidance of auto/non-auto CoR of less than 96%/99% in FY25E, with our projected CoR for these two segments at 95.9%/99.0% by year-end. We believe the improved underwriting profit could largely offset potential fair value losses on investments, and shore up bottom-line growth at 12% YoY, benefiting dividends distribution.
- **Key forecasts:** We expect auto premium growth to be driven by the rise of new vehicles sales and a higher penetration of NEVs, with a stabilized avg. ticket size. In April, we see auto premium growth rebounded to 4.5% YoY on an industry level, propelled by recovering sales of retail passenger cars (+14.5%) and a record NEV passenger car penetration at 51.6%, up 11.3pct/4.7pct YoY/MoM. We maintain our projections of auto premium growth at 4.2% YoY, and auto CoR at 95.9% (vs FY24: 96.8%) in FY25E, thanks to prudent expense mgmt. and higher share of household vehicles. Non-auto CoR could drop faster than that of auto as the insurer re-emphasizes expense control with an aim to scale down loss-making corporate lines such as employer's liability and credit insurance. We project non-auto CoR to be 99.0%, and total premium to grow 5% YoY in FY25E.
- **Improved CoR enhances earnings visibility.** Mgmt. delivered strong CoR guidance of 1) auto/NEV CoR to be less than 96%/100%, and 2) non-auto CoR to be less than 99%. We expect FY25E CoR to be 97.1%, -1.7pct YoY, thanks to contraction in both expense and loss ratios.
- **Rising FVOCI assets leave a buffer to fair value movement.** The insurer has reallocated investment portfolio to FVOCI assets. In FY24, FVTPL/FVOCI assets comprised 18%/36% of the total. Stocks in FVOCI/FVTPL and equity funds were up 40%/20%/stable YoY to make up 5.8%/1.4%/2.2% of the total portfolio. Proportion to FVOCI stocks has been rising which leaves a buffer for fair value impact to NAV.
- **Maintain BUY with TP at HK$15.80.** The stock is now trading at FY25E 1.15x P/BV with 13.4% ROE and a yield at 4.6%. Our TP implies FY25E 1.19x P/BV.
- **Downside risks:** deteriorated CoR in 1H25; weaker-than-expected auto vehicle sales; prolonged low interest rate and increased stock market volatilities, etc.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	32,173	36,062	39,179	42,484
EPS (RMB)	1.45	1.62	1.76	1.91
Consensus EPS (RMB)	N/A	1.52	1.67	1.85
Combined ratio (%)	98.8	97.1	96.6	96.2
P/B (x)	1.22	1.15	1.08	1.01
Dividend yield (%)	3.8	4.6	5.0	5.4
ROE (%)	13.0	13.4	13.6	13.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: P&C(2328 HK): share price and P/B(x) valuation band



Source: Bloomberg, CMBIGM estimates

Tencent (700 HK) – AI accelerates business growth

Rating: BUY | **TP:** HK$660 (30% 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. We expect: 1) higher-margin businesses like Video Account, Mini Games and e-commerce services will bring incremental monetization opportunities and support GPM expansion; 2) games revenue to maintain solid growth in 1H25E, backed by monetization revamp of key legacy titles and incremental contribution of new games; 3) stepped-up AI investment will drive marketing and cloud business revenue growth.
- **Our view:** Tencent 1Q25 total revenue was up by 13% YoY to RMB180.0bn, 3% ahead of Bloomberg consensus estimate thanks to strong growth of games/marketing revenue (+24/20% YoY); non-IFRS net income grew by 22% YoY to RMB61.3bn, 3% ahead of consensus estimate primarily due to solid top-line performance and better-than-expected GPM expansion (+3.2ppt YoY). We are upbeat on Tencent's AI development, and expect AI will continue to support growth of its different business lines.
- **Catalysts:** 1) Stepped-up AI investment to drive marketing and cloud business revenue growth; 2) enhanced Video Account monetization supports better-than-expected revenue growth and GPM expansion; 3) solid performance of legacy and new titles to drive stronger-than-expected game revenue growth.
- **Valuation:** Our SOTP-derived TP is HK$660.0, comprising HK$286.9/44.8/124.4/93.3/28.1 for games/SNS/ads/Fintech/cloud business and HK$8.2/74.2 for net cash/strategic investments.

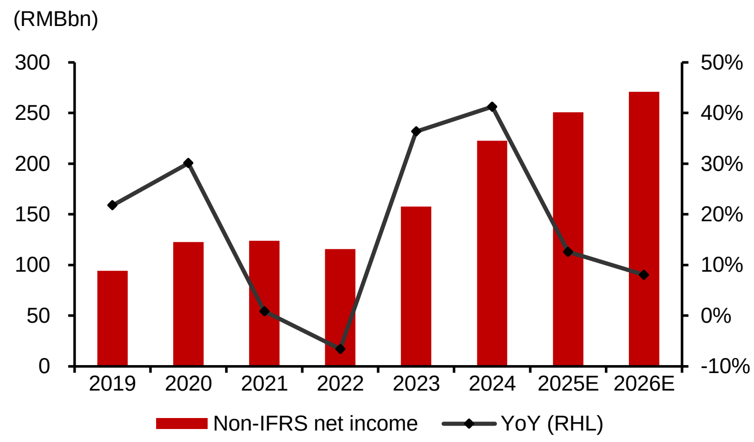
Link to latest report: Tencent (700 HK) - 1Q25 results beat; AI accelerates business growth

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	609,015	660,257	726,526	783,475
Gross margin (%)	48.1	52.9	55.1	55.6
Adj. net profit (RMB mn)	157,688	222,703	250,786	270,992
EPS (Adjusted) (RMB)	16.66	23.96	27.02	29.64
Consensus EPS (RMB)	16.66	23.96	26.33	29.42
Non-GAAP P/E (x)	28.0	19.5	17.3	15.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Alibaba (BABA US) – Core earnings a nice beat; Cloud revenue growth has the potential to accelerate further

Rating: BUY | **TP:** US$155.5 (34% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu

- **Investment thesis:** 1) Alibaba's fundamentals are on improvement track, evidenced by inline-with-industry average GMV growth for Taobao & Tmall Group, expansion in take rate aided by incremental technological services fee charges and increase in the adoption of Quanzhantui; 2) cloud business valuation has been more widely accepted by the market, and the rapid increase in inference demand has provided solid support for future cloud services revenue growth; 3) Alibaba is enhancing shareholder return through a holistic approach (ie, share buybacks, dividend payout, supporting strategically important new business growth to drive long-term shareholder value improvement), which should support a valuation rerating combined with the impact from increase in southbound fund flows post Stock Connect inclusion, in our view.
- **Our view:** We remain constructive on Alibaba's EBITA growth outlook in FY26E aided by increasing merchant adoption of Quanzhantui, and sooner-than-expected loss reduction from Alibaba International Digital Commerce Group (AIDC). For cloud, we are looking for a continued acceleration in YoY revenue growth sequentially in 1QFY26, and believe Alibaba's investment to enhance its infrastructure and R&D capabilities should pave the way for long-term growth. The stable and predictable shareholder return plan and incremental fund flows from southbound investors post Stock Connect inclusion both serve as support for valuation.
- **Catalysts:** 1) Better-than-expected consumption recovery and better-than expected monetization improvement and adj. EBITA growth of Taobao & Tmall Group in FY26; 2) better-than-expected cloud revenue growth aided by increase in inference demand post the reset of expectations to reasonable levels after results; and 3) positive update regarding fintech business investees.
- **Valuation:** SOTP-based valuation of US$155.5, which translates into 15.7x FY26E PE.

Link to latest report: Alibaba (BABA US) – Core earnings a nice beat; Cloud revenue growth has the potential to accelerate further

Financials and Valuations

(YE 31 Mar)	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	996,347	1,041,023	1,118,003	1,183,412
Adjusted net profit (RMB mn)	157,940.0	166,821.5	186,537.6	206,895.2
EPS (Adjusted) (RMB)	67.24	73.22	84.40	93.62
Consensus EPS (RMB)	N/A	73.84	82.66	89.79
P/E (x)	16.2	13.9	11.9	10.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Alibaba: SOTP valuation

#	Segment (USDmn)	Valuation method	Rev (USDmn)	Adj. EBITA post tax (USDmn)	P/E (x)	EV/S (x)	Val. Rmb mn	Val. US$m	$/share	Value split
1	Taobao and Tmall Group	8.0x FY26E P/E; 20% tax rate on adjusted EBITA	67,659	23,166	8.0		1,334,385	185,331	79.1	51%
2	International Digital Commerce Group	1.5x FY26E EV/S	21,785			1.5	235,280	32,678	14.0	9%
3	Local Services Group	1.0x FY26E EV/S	10,527			1.0	75,796	10,527	4.5	3%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63.7% shareholding	12,800				47,380	6,581	2.8	2%
5	Cloud Intelligence Group	4.0x FY26E EV/S on revenue before intersegment elimination	19,816			4.0	570,693	79,263	33.8	22%
6	Digital Media and Entertainment Group	0.7x FY26E EV/S, inline with iQIYI trading EV/S	3,224			0.7	16,249	2,257	1.0	1%
7	All others	1.0x FY26E EV/S	23,371			1.0	159,856	22,202	9.5	6%
	Total Alibaba business						**2,439,638**	**338,839**	**144.7**	
INVESTMENTS										
1	Ant Group	Last round share buy back valuation; 33% share holding					187,143	25,992	11.1	
2	Others	Market valuation					74,895	10,402	4.4	
	Total investment (with 30% holding discount)								**10.9**	7%
	Total (US$mn)								**155.5**	
	#s of diluted ADS (mn)								2,342	

Source: Company data, CMBIGM estimates

Trip.com (TCOM US) – Resilient revenue growth with investment on track for overseas expansion

Rating: BUY **| TP:** US$70.0 (16% upside)

Analysts: Saiyi He/Frank Tao/Wentao LU

- **Investment thesis:** 1) Both domestic and outbound travel are seeing resilient volume growth, and Trip.com Group could sustain higher-than-industry-average revenue growth driven by its strong customer services and supply chain capability, in our view; 2) we are constructive on Trip.com's global expansion potential, especially in the Asian market, as the current online penetration remains low, and TCOM has established strong supply chain and customer services capabilities to aid business expansion.

- **Our view:** We are positive that TCOM can deliver upbeat financial results in 2Q25E aided by its continuously enhanced supply chain capabilities, as well as operating efficiency gains from domestic and outbound business.

- **Catalysts:** 1) Better-than-expected outbound travel revenue growth; 2) better-than-expected earnings growth driven by both better-than-expected operating efficiency gains from domestic and outbound travel business aided by solid revenue growth.

- **Valuation:** DCF-based valuation of US$70.0, which translates into 20x FY25E PE.

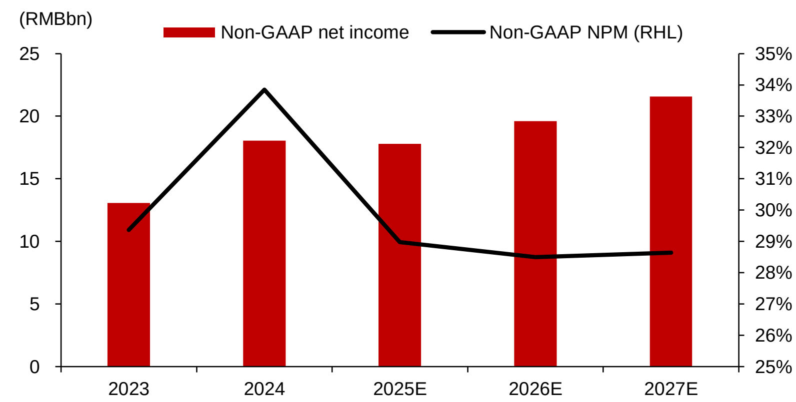
Link to latest report: Trip.com Group (TCOM US) – Resilient revenue growth with investment on track for overseas expansion

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	53,377	61,507	68,908	75,378
YoY growth (%)	19.8	15.2	12.0	9.4
Net profit (RMB mn)	17,067.0	16,339.1	17,510.4	19,454.3
Adjusted net profit (RMB mn)	18,041.0	17,799.8	19,612.1	21,564.9
YoY growth (%)	38.0	(1.3)	10.2	10.0
EPS (Adjusted) (RMB)	25.84	25.04	27.59	30.34
P/E (x)	17.6	18.4	17.2	15.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: TCOM: non-GAAP net profit



Source: Company data, CMBIGM estimates

Greentown Service (2869 HK) – Solid earnings against industry headwinds

Rating: BUY | **TP:** HK$6.13 (40% upside)

Analysts: Miao Zhang

- Greentown Service's revenue/core OP rose 11/26% YoY in 1H24, in-line with/beating market expectations buoyed by a stable parentco, 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 end -2024.
- **Valuation:** Given Greentown Service's high independence, stable parentco, and diversified VAS business, we maintain BUY 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	0.24	0.29
P/E (x)	24.0	21.4	18.0	15.0
P/B (x)	2.3	2.2	2.2	2.1
Yield (%)	2.2	3.3	3.9	4.7
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

Xiaomi (1810 HK) – Positive on premiumization, YU7 ramp-up and SoC in 2H25E

Rating: BUY | **TP:** HK$65.91 (22% upside)

Analysts: Alex Ng/ Hanqing Li

- **Investment thesis:** Xiaomi is the 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 FY25-26E outlook. 1) Premiumization: Focus on share gains on RMB6k+ smartphone segment and premiumization to expand into non-SP/EV categories and overseas market. 2) Smartphone: 180mn shipment guidance maintained in FY25E and focus on a better mix, given a resilient China market (+3% YoY) but weaker overseas market (1-2% YoY or potential decline). 3) AIoT: A fast-growing phase with shortage in some SKUs, and capacity expansion to accelerate. 4) Smart EV: Positive on shipments/ASP, capacity expansion and profitability. 5) In-house chips: focus on flagship models and in-house 5G modems next, and profitability is not the priority in the near term. Overall, we expect Xiaomi's adj. net profit to grow 47%/30% YoY in FY25/26E.

- **Where do we differ vs consensus:** We are more positive on EV business profitability, resilient core business margin and improving operating efficiency.

- **Catalysts:** Near-term catalysts include YU7 SUV delivery, AI glasses, smartphone share gains, AIoT overseas expansion and EV order/delivery/ profitability updates.

- **Valuation:** Our SOTP-based TP of HK$65.91 implies 37.7x FY25E P/E, which reflects Xiaomi's business diversification with different growth profiles and visibility.

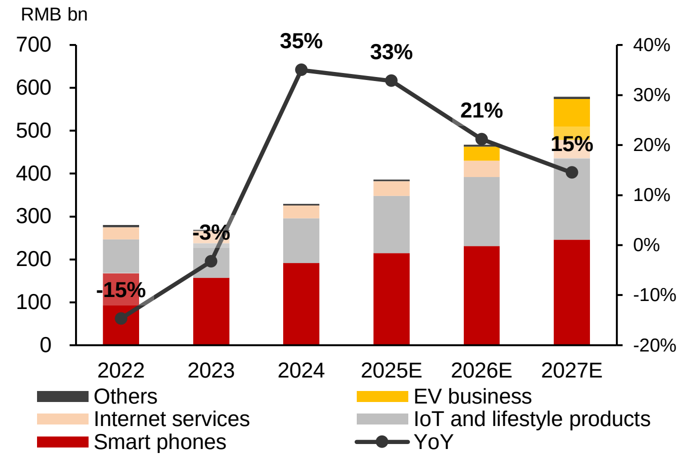
Link to latest report: Xiaomi (1810 HK) - 1Q25 strong beat; Positive on premiumization, YU7 ramp-up and SoC breakthrough in 2H25E

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	365,903	486,144	589,018	674,454
YoY growth (%)	35.0	32.9	21.2	14.5
Net profit(RMB mn)	27,235	43,879	52,255	61,343
YoY growth (%)	41.7	46.6	30.2	17.4
EPS (RMB)	1.10	1.61	2.09	2.46
Consensus EPS (RMB)	N/A	1.50	1.93	2.43
P/E (x)	43.6	29.7	22.8	19.4
P/B (x)	7.4	5.2	4.4	3.7
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	14.4	16.1	16.3	16.2
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

AAC Tech (2018 HK) – Multiple growth drivers from optics, automotive and robotics

Rating: BUY | **TP:** HK$58.78 (47% upside) Analyst: Alex Ng/ Hanqing Li

- **Investment thesis:** AAC Technologies is a global leading provider of sensory experience solutions with a strong product portfolio in acoustics, optics, haptics, sensor and semiconductor, and precision manufacturing. Key segments include smartphones, intelligent vehicles, VR/AR and smart homes. We believe AAC is well-positioned to capture multiple trends in AI smartphones (optics/VC/MEMs), foldable phones (hinges/casing), auto acoustics (speakers/MEMs) and robotics (actuators/ EM) in FY25-27E.

- **Our view:** We are positive on AAC's business outlook and revenue growth in 2025, driven by: 1) optics: spec upgrade in plastic lens (6P/7P) and HCM (OIS/ telescope), as well as WLG flagship order wins in 2H25E; 2) precision mechanics: VC adoption in AI phones and hinge order wins across overseas/Chinese clients; 3) electromagnetic drive: haptics upgrade and robotics order wins; 4) automotive acoustics: share gains in overseas OEMs and Chinese EV brands (Li, Xiaomi, Geely, etc.), and expanding product portfolio (speaker, microphone, algorithm). In addition, we expect acoustics upgrade (master-level SLS/Combo) and optics' improving mix (6P+/WLG) will drive margin expansion into 2025/26E.

- **Where do we differ vs consensus:** We are more positive on AAC's margin upside, WLG ramp-up and auto biz momentum.

- **Catalysts:** Near-term catalysts include AI glasses, acoustics/haptics/optics spec upgrade, auto client wins and GPM expansion.

- **Valuation:** Our SOTP-based TP of HK$58.78 implies 25.2x FY25E P/E.

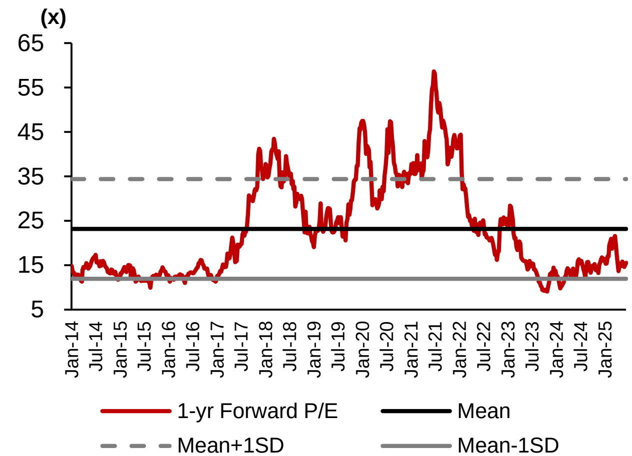
Link to latest report: AAC Tech (2018 HK) - Takeaways from mgmt. visit: Multiple growth drivers from optics, automotive and robotics

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	27,328	32,566	35,113	37,561
YoY growth (%)	33.8	19.2	7.8	7.0
Net profit(RMB mn)	1,797	2,489	2,943	3,230
EPS (RMB)	1.53	2.12	2.51	2.75
YoY growth (%)	143.8	38.5	18.3	9.8
Consensus EPS (RMB)	N/A	2.05	2.43	2.82
P/E (x)	23.2	16.7	14.2	12.9
P/B (x)	1.8	1.7	1.5	1.4
Yield (%)	0.7	1.1	1.3	1.5
ROE (%)	7.8	9.9	10.8	10.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: AAC 12M forward P/E band



Source: Company data, CMBIGM estimates

BYDE (285 HK) – 1Q25 earnings flat YoY; positive 2025 outlook backed by auto/AI and limited tariff impact

Rating: BUY | **TP:** HK$43.22 (40% upside)

Analysts: Alex Ng/ Hanqing Li

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

- **Our view:** BYDE reported 1Q25 revenue/NP growth of 1%/2% YoY, driven by slight assembly growth and double automotive sales growth, partly offset by weaker smartphone components and new intelligent products softness. We estimate FY25E revenue/NP growth of 12%/28% YoY. For 2Q25/2025, mgmt. guided a positive outlook: 1) Consumer electronics: 2Q25 QoQ growth and flattish YoY with improving profitability in Chengdu plant; 2) Automotive: rapid growth driven by Parentco orders and new products ramp-up (suspension/ADAS); 3) Server: liquid cooling products (UQD, cold plate, manifold) passed Nvidia qualifications and overseas client expansion; revenue guidance of RMB3-5bn maintained; 4) Robotics: extensive adoption of robotic arms in assembly lines in 2H25E; 5) Profitability: stable GPM across all segments and improving cost control on operating efficiency and lower interest expenses.

- **Where do we differ vs consensus:** We are more positive on Jabil's acquisition synergies, NEV biz momentum and AI server biz outlook.

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

- **Valuation:** Our SOTP-based TP of HK$43.22 implies 16.2x FY25E P/E. We reiterate BUY given our positive view on BYDE's outlook in FY25E and improving revenue mix to drive GPM recovery in FY25/26E.

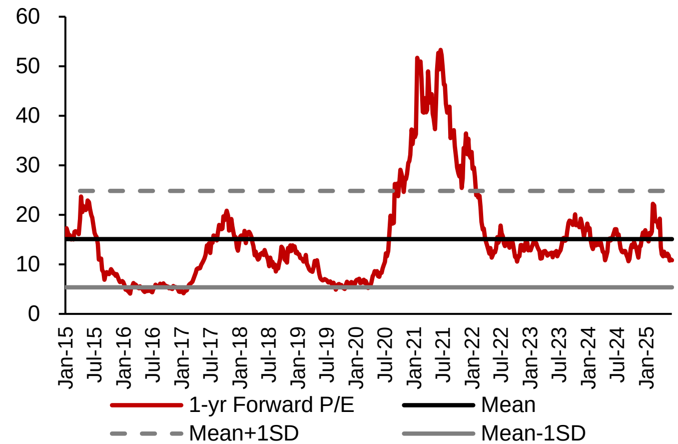
Link to latest report: BYDE (285 HK) - 1Q25 earnings flat YoY; 2025 positive outlook backed by auto/AI and limited tariff impact

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	177,306	199,303	226,426	246,790
YoY growth (%)	36	12	14	9
Net profit (RMB mn)	4,266	5,458	6,777	8,610
EPS (RMB)	1.89	2.42	3.01	3.82
YoY growth (%)	6	28	24	27
Consensus EPS (RMB)	N/A	1.89	2.43	3.10
P/E (x)	14.9	11.6	9.4	7.4
P/B (x)	2.4	2.1	1.9	1.6
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	13.2	15.1	16.5	18.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: BYDE's 12M forward P/E band



Source: Company data, CMBIGM estimates

Horizon Robotics (9660 HK) – Leading domestic ADAS/AD solution provider set to gain grounds on "smart driving equality" theme

Rating: BUY | **TP:** HK$8.9 (30% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment thesis:** The auto industry is transitioning from electrification to intelligence, with rapid growth in ADAS/AD adoption. Although most vehicles are still below L2+, conditional automation features like NOA are now widely available. By 2030E, we believe ADAS/AD penetration will reach 98%, up from 56% in 2024. Key growth drivers include: 1) Chinese OEMs' proactive push for "smart driving equality," highlighted by BYD's 2025 "God's Eye" launch; 2) rising consumer acceptance for safety and efficiency benefits; and 3) ongoing product iteration reducing costs and improving commercialization. ADAS/AD market size is expected to grow from RMB33bn in 2024E to RMB101bn in 2028E (32% CAGR), with the advanced AD segment reaching RMB94bn (41% CAGR). Key players include AD specialists like Mobileye, Horizon Robotics, and Black Sesame, as well as general-purpose chipmakers and OEMs. Going forward, competition will focus on better E2E user experience and cost optimization, requiring sustained R&D investment.
- **Our view:** Horizon Robotics held a 7.2% share of China's ADAS/AD market by value in 2024 and is well-positioned for growth. It stands to benefit from expanding ADAS/AD adoption, rising ASPs from higher-level autonomy, and continued market share gains. We forecast a 52% revenue CAGR from 2024–2027E, reaching RMB8.4bn in 2027E. Our TP is based on 21.5x 2030E P/E, slightly above peers' average, reflecting Horizon's leading position, stable operations, and broader customer base. Key assumptions include consistent margin performance, strong capacity utilization, and supply chain resilience through 2030E.
- **Risks:** 1) Unfavorable gov't policies regarding vehicle autonomy, 2) slower-than-expected R&D, and 3) supply chain uncertainties.
- **Valuation:** TP is HK$8.9, based on 21.5x 2030E P/E.

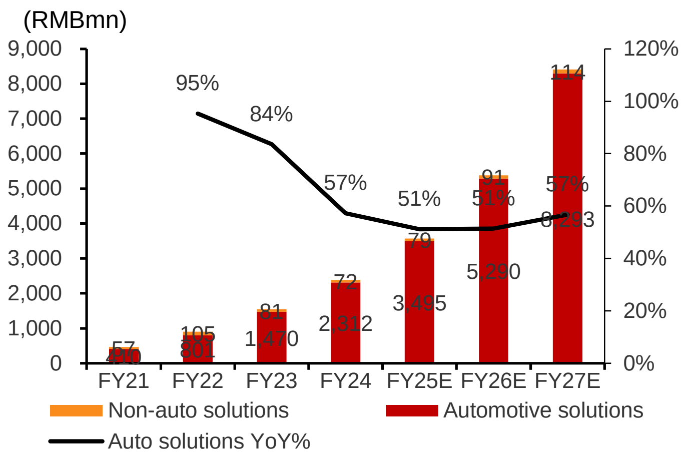
Link to relevant report: [Semiconductors - China's ADAS/AD players are set to gain ground at accelerated pace]

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,552	2,384	3,574	5,381	8,407
YoY growth (%)	71.3	53.6	50.0	50.5	56.2
Gross margin (%)	70.5	77.3	65.2	59.6	57.0
Net profit (RMB mn)	(6,739.0)	2,346.5	(2,216.0)	(1,398.2)	336.0
EPS (Reported) (RMB)	(2.50)	0.51	(0.17)	(0.11)	0.03
P/S (x)	46.7	30.4	20.3	13.5	8.6
ROE (%)	N/A	N/A	(20.1)	(14.3)	3.5

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue by segment



Source: Company data, CMBIGM estimates

Willsemi (603501 CH) – Robust 2025 start boosted by solid auto momentum

Rating: BUY | **TP:** RMB176 (40% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment thesis:** We believe Willsemi is a true beneficiary of 1) AI apps proliferation among edge devices, 2) accelerating penetration of ADAS/AD features on smart vehicles and 3) localization trend of semiconductors. 1Q25 revenue was RMB6.5bn, up 15% YoY and down 5% QoQ on seasonality. The growth was largely driven by strong auto CIS demand from the accelerating "smart driving equality" trend. The favourable product mix (higher auto CIS sales) and better supply chain management helped improve GPM to 31.0% in 1Q (vs. 29.0%/27.9% in 4Q24/1Q24). NP increased to RMB866mn, up 55% YoY, from a low base in 1Q24, on margin recovery. We expect Willsemi's revenue to grow sequentially in the following quarters.
- **Our forecast:** We have slightly revised down FY25 revenue forecast by 1.6%, reflecting lower mobile CIS sales. We have lifted our GPM projection by 1ppt to 33.1%, on better-than-expected margin recovery and stronger impact from a favourable product mix. NP is unaffected at RMB5.1bn. Our TP is based on the same 41x 2025E P/E, as we believe the company's strategic focus on the auto sector, alongside its strong presence in the mobile CIS space, will ensure long-term success on the global stage.
- **Risks:** 1) Worsening China-US trade relations, 2) heightened geopolitical tensions, and 3) slower-than-expected R&D.
- **Valuation:** Maintain BUY, with TP at RMB176, corresponding to 41x 2025E P/E.

Links to relevant reports:

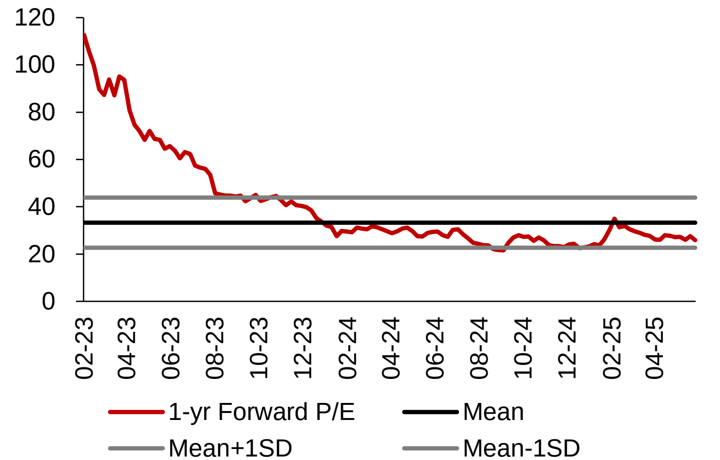
1. Willsemi (603501 CH) - Solid 1Q25 earnings driven by robust auto momentum; Maintain BUY
2. Willsemi (603501 CH) - True beneficiary of accelerating domestic AI innovation & autonomous driving penetration
3. Willsemi (603501 CH) - 3Q results in line with gradual recovery

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	21,021	25,731	32,142	40,728	51,020
YoY growth (%)	4.7	22.4	24.9	26.7	25.3
Gross margin (%)	21.8	29.4	33.1	35.4	36.2
Net profit (RMB mn)	555.6	3,323.2	5,094.6	7,308.5	9,425.0
YoY growth (%)	(43.9)	498.1	53.3	43.5	29.0
EPS (RMB)	0.47	2.77	4.25	6.09	7.86
P/E (x)	267.2	45.3	29.6	20.6	16.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

BaTeLab (2149 HK) – Expect resilient performance in 1H25 despite macro headwinds

Rating: BUY | **TP:** HK$93 (37% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Company update:** We held an NDR with BaTeLab on 10 Jun. Investors' interests revolved around 1) demand outlook, 2) impacts from geopolitical uncertainties, and 3) investment plans for upstream manufacturing resources. We are impressed by the company's clear and sustainable growth strategy after the detailed explanation from the management team. The stock remains one of our top convictions in the semiconductor universe.
- **Our view:** Industrial market demand is recovering. After several quarters of weakness, Texas Instruments (TXN US, NR) has recently planned to have a global price adjustment on over 3.3k SKUs to enhance profitability. This resonates with its previous comments at 1Q25 earnings call that industrial market is showing broad recovery across sectors and geographies. BaTeLab also observed improved end-market demand given a low inventory level in channels. Mgmt. pointed out that top-line growth will be driven by new SKUs, which is confirmed to be 200+ per year (an achievable target given 275 new SKUs in 2024). We expect higher revenue growth in 2H25 than 1H25, considering 1) a high base in 1H24 (42% YoY), 2) tariff impacts, which led to a temporary halt in downstream orders in 2Q, per mgmt. We expect higher NP growth in 1H25, given lower 1H24 GPM (51.3%). Despite macro uncertainties, we think BaTeLab is able to maintain sustainable top-line and bottom-line growth going forward (20%-30%).
- **Valuation:** BUY with TP at HK$93, based on 25x 2025E P/E.

Links to relevant reports:

BaTeLab (2149 HK) - Analog IC gem with sustained growth potential ahead

BaTeLab (2149 HK) - Potential EDA restrictions not to impede growth

BaTeLab (2149 HK) - Private placement completed, now eyes on execution

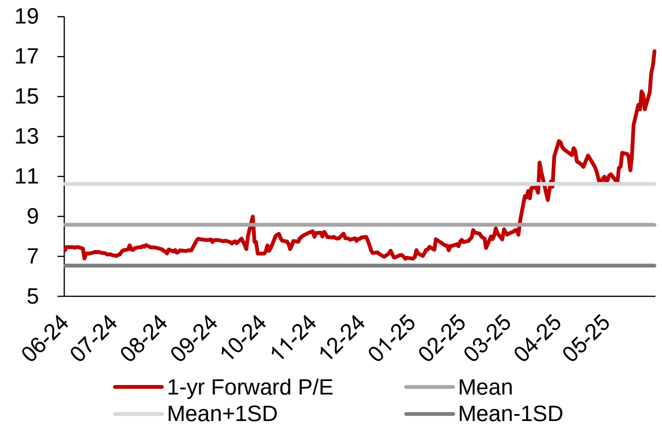
BaTeLab (2149 HK) - Record-high FY24 NPM of 28.8% underpins ability to maintain high margins

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E	FY27E
Revenue (RMB mn)	464	579	726	933	1,172
YoY growth (%)	31.6	24.8	25.4	28.6	25.6
Gross margin (%)	55.4	53.0	53.9	53.9	53.9
Net profit (RMB mn)	109.2	166.6	208.2	270.6	342.1
YoY growth (%)	14.6	52.6	25.0	30.0	26.4
EPS (Reported) (RMB)	2.42	2.78	3.47	4.51	5.70
P/E (x)	27.7	24.1	19.3	14.9	11.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Naura (002371 CH) – Semi supply chain domestication and industry consolidation trends set to sustain in 2025, boosting overall outlook

Rating: BUY | **TP:** RMB512 (24% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment thesis:** Naura announced key financials regarding its FY24/1Q25 earnings. FY24 revenue went up by 35.1% YoY to RMB29.8bn (3.3% below our estimate/in-line with consensus). The strong revenue growth was driven by technology breakthroughs in core product lines that enabled broader product coverage and supported continued market share gains. In FY24, net profit went up by 44.2% YoY to RMB5.6bn (3.2%/1.6 below our /consensus). During the period, NPM improved to 18.8% (vs. 17.7% in FY23) on better operating efficiency. For 1Q25, the company's revenue increased by 37.9% YoY to RMB8.2bn, while net profit increased by 38.8% YoY to RMB1.6bn. GPM was 42.9%.
- **Our view:** Backed by continuous innovation and new product breakthroughs, we project the company to sustain steady market share gains. Management credited strong revenue growth to the successful commercialization and volume shipments of products such as CCP etchers, PECVD, and ALD vertical furnaces, which have expanded product coverage and competitiveness in China's SME segment. We believe China's semiconductor industry consolidation will accelerate in 2025, benefiting leading domestic players amid growing self-sufficiency efforts.
- **Risks:** 1) Lower-than-expected domestic foundry capex plan; 2) slower-than expected R&D progress; 3) higher raw material costs, etc.
- **Valuation:** Maintain BUY, with TP set at RMB512, based on 36x FY25E P/E.

Links to relevant reports:

Naura Technology (002371 CH) - Solid FY24 earnings amid accelerated semi supply chain domestication

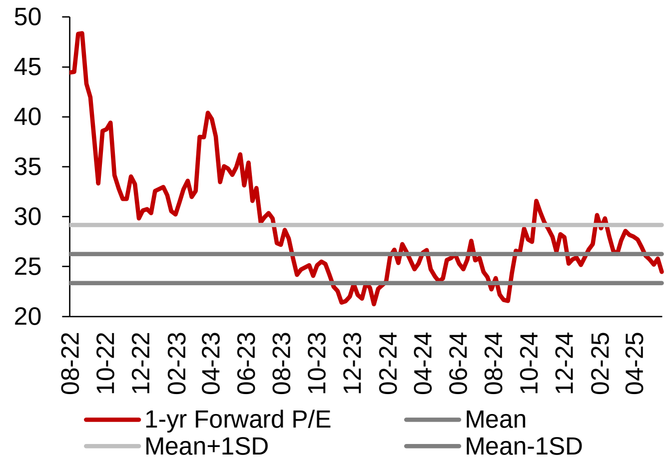
Naura Technology (002371 CH) - Solid Q3 earnings signal intact growth trajectory

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	22,079	29,838	38,909	48,481	58,243
YoY growth (%)	50.3	35.1	30.4	24.6	20.1
Gross margin (%)	41.1	42.9	43.4	44.0	45.0
Net profit (RMB mn)	3,899.1	5,621.2	7,426.9	9,508.6	12,268.5
YoY growth (%)	65.7	44.2	32.1	28.0	29.0
EPS (RMB)	7.36	10.57	13.90	17.80	22.97
P/E (x)	54.9	38.2	29.1	22.7	17.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Salesforce (CRM US) – Data Cloud & AI momentum continues

Rating: BUY **| TP:** US$388.0 (47% upside)

Analysts: Saiyi He/Wentao Lu/Frank Tao

- **Investment thesis:** Supported by Agentforce and Einstein, Salesforce is now one of the largest suppliers of enterprise AI in the world. We expect AI application to remain as the key investment theme in FY25 and Salesforce to be one of the key beneficiaries. The company's current valuation is attractive at 14x FY26E EV/EBITDA versus its peers and solid earnings growth outlook.
- **Our view:** We are upbeat on Salesforce's AI monetization momentum, supported by its differentiated Agentforce solution and Data Cloud foundation. Data Cloud & AI ARR surpassed US$1bn in 1QFY26, up by over 120% YoY. Around 60% of top 100 deals in 1QFY26 included Data Cloud and AI. The company has closed 8,000 Agentforce deals since its launch, half of which are paid customers. Management noted that 30% of the Agentforce new bookings came from the existing Agentforce customers in 1QFY26, showing strong consumption trend of Agentforce services. Agentforce also significantly boosted demand for Data Cloud, which ingested 22tn records in 1QFY26, up by 175% YoY.
- **Catalysts:** 1) Improved monetization of AI solutions and solid sales momentum of AgentForce; and 2) enhanced margin outlook on efficiency improvement.
- **Valuation:** Our target price is US$388.0 based on 21x FY26E EV/EBITDA. Our target EV/EBITDA is at a discount to the sector average (23x).

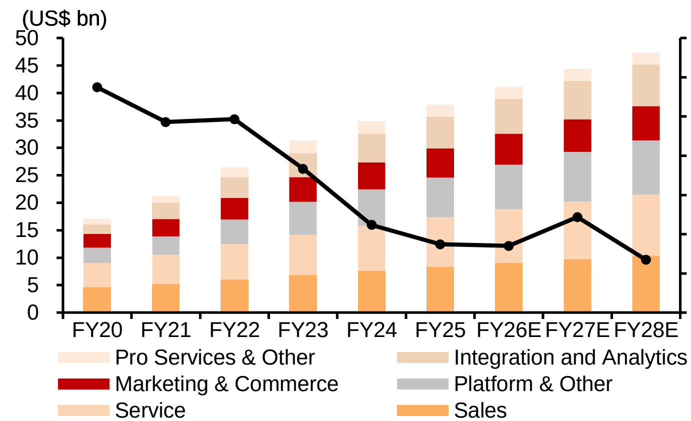
Link to latest report: Salesforce (CRM US) – 1QFY26 cRPO growth beats expectation; Data Cloud & AI momentum continues

Financials and Valuations

(YE 31 Jan)	FY24A	FY25E	FY26E	FY27E
Revenue (US$ mn)	34,857	37,895	41,116	46,123
Adjusted NP (US$ mn)	8,087	9,930	10,973	12,731
YoY growth (%)	54.8	22.8	10.5	16.0
EPS (Adjusted) (US$)	8.30	10.32	11.30	13.11
Consensus EPS (US$)	8.30	10.32	11.16	12.51
P/E (x)	34.6	28.1	23.5	20.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Salesforce: revenue and YoY



Source: Company data, CMBIGM estimates

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