CMBI Research Focus List

Our best high conviction ideas

17 Jul 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	24.3	170.5	18.9	24.00	27%	10.10	9.50	1.90	19.9	3.3%	Shi Ji/ Wenjing Dou/ Austin Liang
Leapmotor	9863 HK	Auto	BUY	10.0	67.7	59.0	72.00	22%	N/A	245.00	7.00	N/A	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
Zoomlion	1157 HK	Capital Goods	BUY	8.5	6.1	6.1	7.40	22%	12.90	10.90	0.80	6.20	5.5%	Wayne Fung
SANY International	631 HK	Capital Goods	BUY	3.1	7.9	7.5	8.70	16%	19.80	9.70	1.80	15.5	3.9%	Wayne Fung
CGN Mining	1164 HK	Materials	BUY	2.2	29.3	2.3	2.61	13%	50.90	35.70	4.40	13.5	0.4%	Wayne Fung
Green Tea	6831 HK	Consumer Discretionary	BUY	0.8	5.0	9.2	9.73	5%	13.60	11.70	6.20	59.1	3.8%	Walter Woo
JNBY	3306 HK	Consumer Discretionary	BUY	1.2	2.3	18.2	18.68	2%	10.40	9.80	4.00	40.5	8.3%	Walter Woo
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	10.3	61.2	36.2	40.61	12%	29.50	21.10	6.60	25.8	0.0%	Walter Woo
Proya	603605 CH	Consumer Staples	BUY	4.5	77.6	81.4	133.86	64%	22.40	18.80	6.30	30.8	2.0%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	3.7	9.7	12.1	18.61	54%	14.40	11.20	2.00	18.0	4.3%	Miao Zhang
BeOne	ONC US	Healthcare	BUY	34.5	91.0	279.2	359.47	29%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
3Sbio	1530 HK	Healthcare	BUY	9.3	131.3	30.5	28.32	N/A	N/A	4.60	N/A	N/A	N/A	Jill Wu/ Cathy Wang
PingAn	2318 HK	Insurance	BUY	134.3	299.7	51.7	65.10	26%	N/A	N/A	0.80	13.9	6.0%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	43.2	56.1	15.2	15.80	4%	N/A	N/A	1.22	13.0	3.8%	Nika Ma
Tencent	700 HK	Internet	BUY	602.5	1173.8	516.0	660.00	28%	19.10	16.90	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	276.0	1651.4	115.7	141.20	22%	N/A	13.50	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu
Trip.com	TCOM US	Internet	BUY	41.2	174.9	63.0	70.00	11%	17.60	18.40	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao LU
Greentown Service	2869 HK	Property	BUY	1.8	2.1	4.5	6.13	37%	18.30	15.30	2.20	9.7	3.8%	Miao Zhang
Xiaomi	1810 HK	Technology	BUY	186.6	1109.3	56.5	65.91	17%	48.10	32.80	8.20	14.4	N/A	Alex Ng/ Hanqing Li
AAC Tech	2018 HK	Technology	BUY	6.2	30.1	41.6	58.78	41%	23.80	17.20	1.80	7.8	0.7%	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	9.6	75.2	33.3	43.22	30%	16.10	12.50	2.60	13.2	0.0%	Alex Ng/ Hanqing Li
Horizon Robotics	9660 HK	Semi	BUY	12.2	168.3	6.9	8.90	29%	N/A	N/A	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Willsemi	603501 CH	Semi	BUY	20.7	187.2	122.1	176.00	44%	44.70	29.10	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
BaTeLab	2149 HK	Semi	BUY	0.5	2.0	60.0	93.00	55%	18.10	18.80	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	31.9	213.9	317.8	379.26	19%	32.10	25.10	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Salesforce	CRM US	Software & IT services	BUY	246.6	2000.8	258.0	388.00	50%	31.10	25.00	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao

Source: Bloomberg, CMBIGM. Data as of 17/7/2025 12:30 p.m.

Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Leapmotor	9863 HK	Auto	BUY	Shi Ji/ Wenjing Dou/ Austin Liang	We believe Leapmotor has entered a virtuous cycle of sales volume growth and profitability, positioning it to become the second profitable Chinese NEV startup after Li Auto in FY25E. The brand's value-for-money proposition is gaining broad market recognition, with two new models set for rollout in 2H25. Overseas expansion and carbon credit revenue from the Stellantis partnership could also provide positive catalysts.
Green Tea	6831 HK	Consumer Discretionary	BUY	Walter Woo	SSSG has just turned around positive LSD in 2Q25E, and we are still optimistic about 3Q25E, supported by its 1) low base, 2) subsidies from delivery platforms, 3) consistent demand for value for money dining in the shopping malls and 4) ramp up of new and smaller-sized stores, etc.. The downside is also protected by the attractive effective yield of 7% in the next 12 months.
3Sbio	1530 HK	Healthcare	BUY	Jill Wu/ Cathy Wang	3SBio’s 707 (PD-1/VEGF) has demonstrated impressive early clinical data and is poised to become a global BIC PD-(L)1/VEGF bispecific antibody, with Phase III clinical trials being initiated in China in May. Partnering with Pfizer is expected to accelerate global clinical development and capture large indication markets. We are optimistic about the global market potential of 707, and believe that milestone and sales-based payments will continue to boost the company’s profits. We expect the risk-adjusted overseas peak sales of 707 could reach US$5.1bn. The core business remains solid: TPIAO’s price under the NRDL renewal remains stable, and new pediatric indications have been included in the NRDL, which is expected to support continued steady sales.
PingAn	2318 HK	Insurance	BUY	Nika Ma	We intend to add Ping An(2318 HK) to our top-pick conviction in July, given continued margin enhancement to support its resilient NBV growth, and strengthened Group capital position through portfolio diversifications and continued de-risking efforts on reducing exposure to non-standard assets and real estate. Amid improving CN/HK sentiment, we think life insurance business is able to make a comeback in 2H25E, for which Ping An as an index-heavyweight, with improved margins and high yields, enjoys greater headroom to rebound in valuation.

Source: CMBIGM

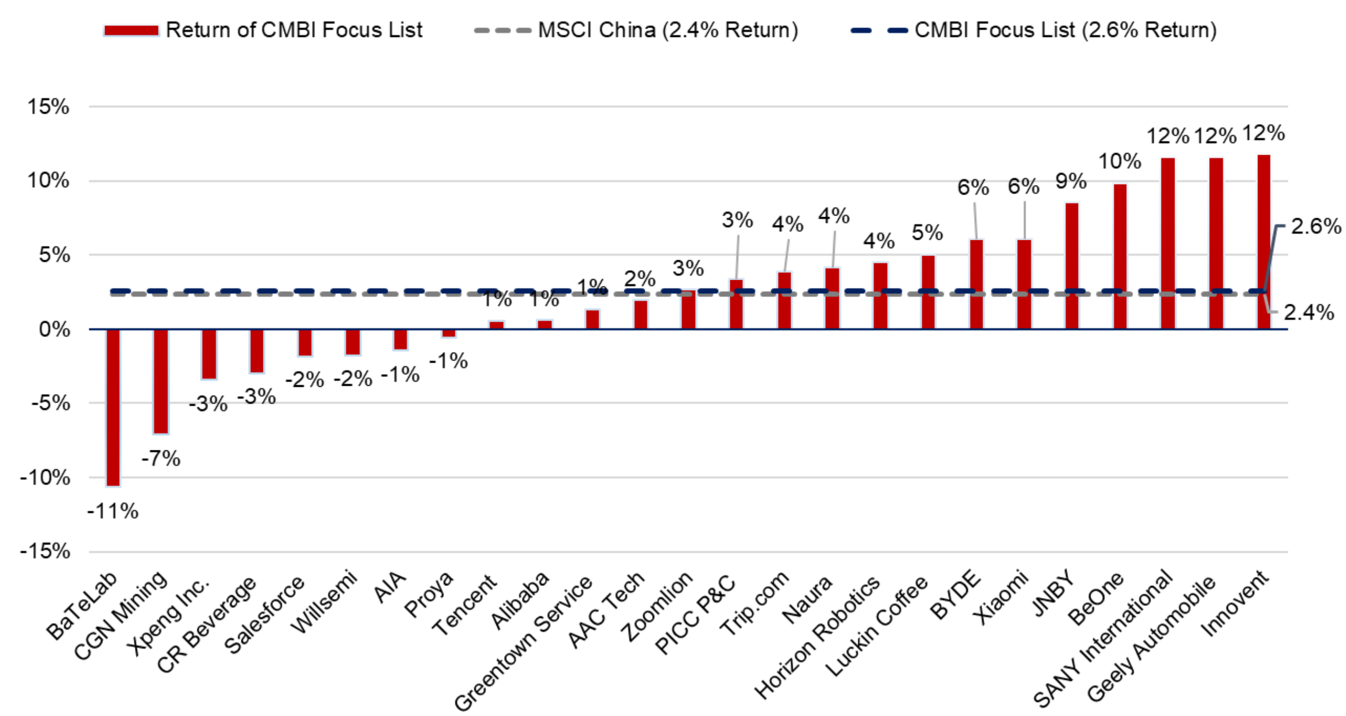
Latest additions/deletions from CMBI Focus List (cont)

Company	Ticker	Sector	Rating	Analyst	Rationale
Deletions					
Xpeng Inc.	XPEV US	Auto	BUY	Shi Ji/ Wenjing Dou/ Austin Liang	We believe the market feedback for the brand-new G7 could be weaker than expected, despite its competitive pricing. We observe that Xpeng's brand positioning as a technology innovator is eroding amid intensifying competition. The company may need to redefine its product strategy to recapture hitmaking capabilities in the market.
Innovent	1801 HK	Healthcare	BUY	Jill Wu/ Andy Wang	The Company's stock price has increased a lot year to date(+127%). We think the upside for its stock could be small in the near term, and do not regard it as a top pick. However, we continue to like the fundamentals of the Company.
AIA	1299 HK	Insurance	BUY	Nika Ma	We intend to remove AIA(1299 HK) from our selective top-pick conviction in July, given the insurer's US$1.6bn share buyback program, which we consider as a short-term booster for share price, is expected to finish within the week of July 14-18 (initiated in Apr 14 and has completed 98.3% by week of July 11). By 11 July, the stock price has surged 33% from 14 April, bolstered by the buybacks (amounted to US$1.572bn by July 11) and improving HK/CN market sentiments with an average daily turnover (ADT) at HK$26.2mn, implying 6.9% of 30-day ADT of the stock. We notice this ratio retreated in the first week of July, and was relatively flat compared to the daily turnover/ADT of prev. US$12bn buyback over the last three years (6.8%), indicating increasing turnover fluctuations upon the completion of buybacks for the stock. Looking ahead, we expect investors to eye on the insurer's capital management follow-ups and mgmt. guidance, if any, from interim results in mid-Aug. The stock price may undertake pressure, if the shareholder return falls short of expectations.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 17 Jun 2025, we highlighted a list of 25 long ideas.
- The basket (equal weighted) of these 25 stocks outperformed MSCI China index by 0.2 ppts, delivering 2.6% return (vs MSCI China 2.4%).
- 13 out of the 25 stocks outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 17 Jun 2025 to 16 Jul 2025

Long Ideas

Geely Automobile (175 HK) – Higher sales target sets the stage for earnings beat

Rating: BUY **|** TP: HK$24.00 (27% upside)

Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** Geely's share price experienced a pullback due to industry competition and rumors in Jun. We believe the stock has become attractive again and recommend investors accumulate on dips**.** Upcoming catalysts may include the rollouts of brand-new models (such as the Galaxy *A7* and *M9*) and potentially better-than-expected 2Q25 earnings.
- **2Q25E core net profit to rise 38% QoQ.** We project Geely's 2Q25E revenue to surge 39% YoY amid a total sales volume increase of 47% YoY. We expect its overall ASP to rise 5% QoQ in 2Q25E, largely due to possibly increasing sales from auto parts, R&D services and subcontracting, although these are more difficult to forecast. We forecast Geely's 2Q25 GPM to widen 0.2ppts QoQ to 16.0%, as the increase in high-margin revenue and cost reduction efforts were likely to more than offset the GPM decline for Zeekr, in our view. We project SG&A and R&D ratios to be stable QoQ. We expect Geely to continue booking forex gains in 2Q25 (RMB0.5bn on our estimates), although these may be about RMB2.2bn in 1Q25. Therefore, we project Geely's net profit in 2Q25 to be RMB3.6bn. In other words, we expect Geely's net profit excluding other income (mainly government grants and forex changes) to rise 38% QoQ in 2Q25.
- **Earnings/Valuation**. We raise our FY25E sales volume forecast from 2.8mn units to 3.0mn units, in line with the company's revised guidance. We also expect ASPs for all the brands to increase HoH in 2H25 with new models, which could also lead to a slightly higher GPM. Therefore, we revise up our FY25E net profit forecast by 16% to RMB17.5bn, which also takes favorable forex changes so far this year into consideration. We maintain our BUY rating and target price of HK$24.00, based on 13x our FY25E P/E.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	179,204	240,194	340,358	376,695
YoY growth (%)	21.1	34.0	41.7	10.7
Net profit (RMB mn)	5,308	16,632	17,538	18,400
YoY growth (%)	0.9	213.3	5.4	4.9
EPS (Reported) (RMB)	0.51	1.63	1.72	1.79
P/E (x)	31.1	10.1	9.5	9.1
P/B (x)	2.0	1.9	1.8	1.6
Yield (%)	2.3	3.3	3.1	3.2
ROE (%)	6.8	19.9	19.8	19.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Links to latest reports:

1. Geely Automobile (175 HK) - More synergies to come

2. Auto - 2Q25 earnings preview and 2H25 outlook

Leapmotor (9863 HK) – To turn profitable in 2Q25E

Rating: BUY **| TP:** HK$72.00 (22% upside)

Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We believe Leapmotor has entered a virtuous cycle of sales volume growth and profitability, positioning it to become the second profitable Chinese NEV startup after Li Auto in FY25E. Its strong sales momentum could continue in 2H25, driven by two brand-new models (*B01/B05*), in our view. Overseas expansion and carbon credit revenue from the Stellantis partnership could also provide positive catalysts.

- **To turn profitable in 2Q25E.** We project Leapmotor's revenue to surge 173% YoY and 46% QoQ to RMB14.7bn in 2Q25E, amid an all-time high quarterly sales volume of 134,000 units (+152% YoY, +53% QoQ). We estimate that its overall ASP could fall 5% QoQ to about RMB109,000 in 2Q25E, given higher sales contribution from the *B10* in China and the *T03* in overseas markets. We project its GPM to fall from 14.9% in 1Q25 to 12.7% in 2Q25E, given higher discounts for inventory clearance of the old models. The R&D and SG&A ratios combined may fall 3.7ppts QoQ to 14.1% in 2Q25E, based on our estimates. We expect its net finance gains and share of profits of associates (mainly Leapmotor International) combined to be about RMB100mn in 2Q25E. Therefore, we estimate that Leapmotor could turn profitable with a net profit of RMB48mn in 2Q25E.

- **Earnings/Valuation**. We maintain our sales volume forecast of 0.55mn units for FY25E, which implies 2H25E sales volume to rise 48% HoH to 0.33mn units driven by new models and exports. We lift FY25E GPM forecast from 12.1% to 12.8%, given better vehicle GPM than we expected and higher revenue from strategic cooperation with other OEMs. Accordingly, we raise our FY25-27E net profit forecasts from RMB118mn/1.2bn/1.6bn to RMB289mn/1.5bn/2.1bn, respectively. We have not yet fully factored in the revenue contribution from the carbon dioxide credits transfer agreement with Stellantis (STLA US, NR), which could be as much as RMB1.5bn in FY25E. We maintain our BUY rating and target price of HK$72.00, based on 1.5x FY25E P/S.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	16,747	32,164	59,156	63,956
YoY growth (%)	35.2	92.1	83.9	8.1
Gross margin (%)	0.5	8.4	12.8	13.6
Operating profit (RMB mn)	(4,377.4)	(3,171.1)	(233.8)	415.7
Net profit (RMB mn)	(4,216.3)	(2,820.8)	289.2	1,447.5
YoY growth (%)	N/A	N/A	N/A	400.4
EPS (Reported) (RMB cents)	(362.06)	(210.98)	21.55	101.85
P/S (x)	4.2	2.2	1.2	1.1
P/E (x)	N/A	N/A	245.0	51.8
P/B (x)	4.9	7.0	5.3	4.9

Source: Company data, Bloomberg, CMBIGM estimates

Link to latest report: Auto - 2Q25 earnings preview and 2H25 outlook

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

Rating: BUY | TP: HK$7.4 (22% 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.

- **Our View:** Zoomlion's earnings growth in 1Q25 was largely helped by gains on asset disposal, while core profit was below expectation. Looking into 2Q25E, we expect the core profit to resume growth. Besides, with Hong Kong borrowing rates (HIBOR as reference) sharply declined, we expect continuous 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.

- **Why do we differ vs consensus:** Our earnings forecast in 2025E/26E is -12%/-17% versus consensus. That said, we believe the low valuation at present offers some buffer for earnings risks.

- **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, 19.5x, equivalent to the five-year average historical P/E of 15x plus 1SD).

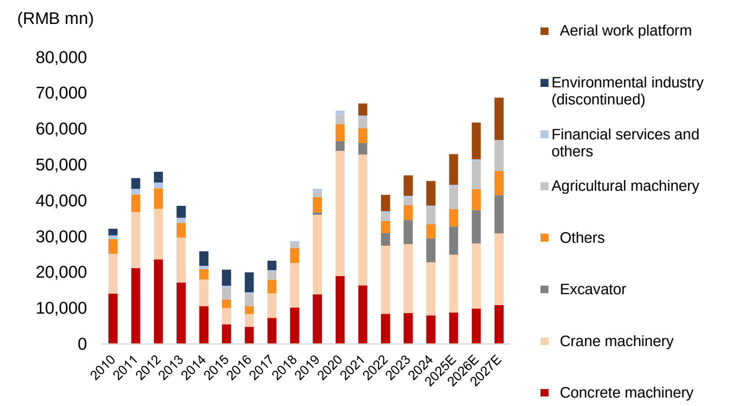
Link to latest report: Zoomlion (1157 HK) - 2024 results below expectation; Still positive on the structural overseas growth trend

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	0.57	0.68	0.81
EV/EBIDTA (x)	10.8	8.7	7.6	6.9
P/E (x)	12.9	10.9	9.7	8.7
P/B (x)	0.8	0.8	0.8	0.8
Yield (%)	5.5	6.1	6.9	7.7
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 (16% 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. 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 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.

- **Why do we differ vs consensus:** Our earnings forecast in 2025E/26E is 0%/3% above consensus. We see further potential earnings upside in 2025E.

- **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 attractive entry point, given the improving earnings visibility.

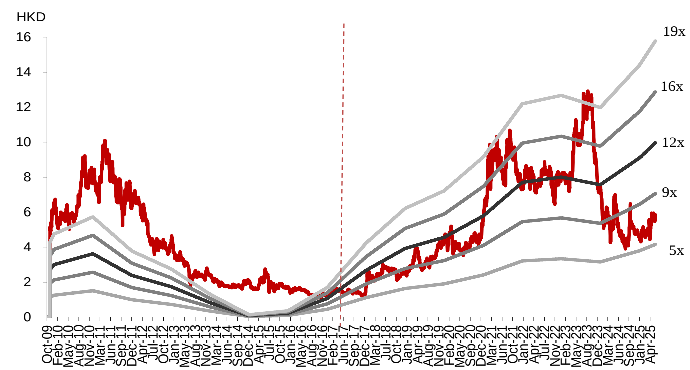
Link to latest report: SANY International (631 HK) - Early stage of earnings recovery + attractive valuation offer good entry point

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	0.70	0.84	1.02
EV/EBIDTA (x)	10.3	5.9	4.9	4.2
P/E (x)	19.8	9.7	7.8	6.6
P/B (x)	1.8	1.6	1.4	1.2
Yield (%)	3.9	4.1	5.1	6.0
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 (13% 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 the 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 believe this has helped remove a major overhang.

- **Why do we differ vs consensus:** Our earnings forecast in 2025E/26E is -26%/-20% 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.

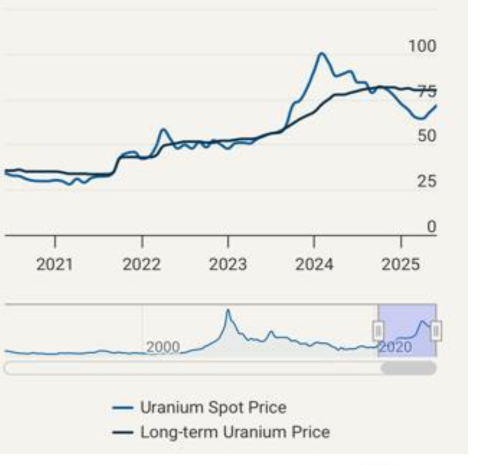
Link to latest report: CGN Mining (1164 HK) - New pricing formula for off-take agreement a big surprise

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	0.14	0.16
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

Green Tea (6831 HK) – A casual Chinese cuisine leader of great value

Rating: BUY | **TP:** HK$9.73 (5% upside)

Analyst: Walter Woo

- **Investment Thesis:** Green Tea is the 4th largest brand in the casual Chinese cuisine industry, with 0.7% market share in 2023, generated RMB 3.6bn sales from 360 stores in FY23. We project 18% sales CAGR in FY23-26E, driven by: 1) ramp up of its delivery sales, 2) opening of more smaller-sized stores and 3) expansion to more lower-tier cities). We also expect the adj.net profit to grow by 25% CAGR, thanks to: 1) further menu adjustment, 2) supply chain improvements, 3) greater sales from smaller-sized stores, and 4) economies of scale.

- **Our View:** SSSG has already turned around from negative HSD in 1Q25 to positive MSD in 2Q25E, thanks to: 1) low base, 2) subsidies provided by various food delivery platforms, 3) company's efforts to promote its own delivery menu and 4) consistent demand for value for money dining in the shopping malls and 5) ramp up of new and smaller-sized stores, which tends to have a faster payback period, etc. Hence we forecasts a 20%+ sales and 30%+ net profit growth in 1H25E, and we are still optimistic about 3Q25E, supported by its healthily growing delivery business.

- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 7%/ 6%/ 4% lower vs consensus and our net profit forecasts are 7%/ 8%/ 6% lower vs street as we are more conservative both on sales growth and its OP margin expansion.

- **Catalysts:** 1) better than expected SSSG, 2) better than expected delivery and overseas sales and 3) faster than expected store expansion.

- **Valuation:** We derived our 12m TP of HK$9.73 based on a 12x FY25E P/E. We believe Green Tea's downside is protected by its recent turnaround and attractive yield (special dividend will be paid within 6 months). The stock is trading at ~12x FY25E P/E and 7% effective FY25E yield

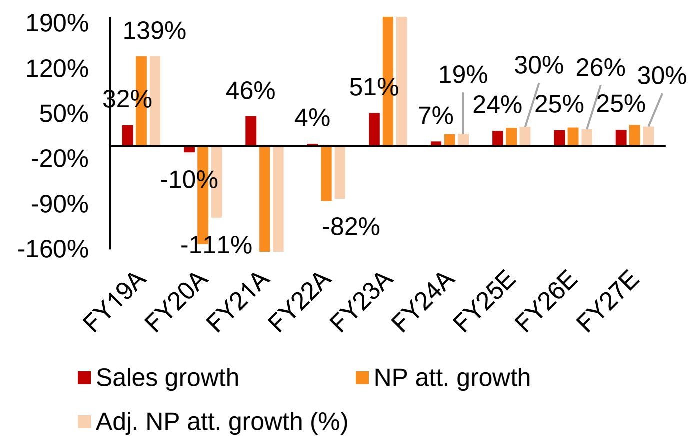
Link to latest report: [Green Tea Group (6831 HK) - A casual Chinese cuisine leader of great value]

Financials and Valuations

(YE 30 Jun)	FY24A	FY25E	FY26E	FY27E
Sales (RMB mn)	3,838	4,752	5,924	7,422
YoY change (%)	6.9	23.8	24.7	25.3
Adj. Net profit (RMB mn)	360.9	468.2	590.1	768.1
EPS - Fully diluted (RMB)	0.650	0.762	0.876	1.140
YoY change (%)	15.1	17.3	15.0	30.2
Consensus EPS (RMB)	N/A	0.771	0.949	1.209
P/E (x)	13.6	11.7	10.0	7.5
P/B (x)	6.2	5.5	4.2	3.1
Yield (%)	3.8	4.3	5.0	6.7
ROE (%)	59.1	49.6	48.0	47.7
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

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

Rating: BUY | **TP:** HK$18.68 (2% 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 target of RMB 6.0bn listed co sales/ RMB 900mn NP is robust (10%/ 13% sales/ NP CAGR during FY23-26E) are achievable enough. 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 the foot traffic, improved consumer sentiment) and company specific reasons (launched a promotion campaign with Xiaohongshu and the earlier and longer pre-sales for 618 Festival). Going forward, we are not that pessimistic at all (policy supports may offset the tariff drags) and expect JNBY to deliver an at least inline result (efforts to boost customer experience may start to yield more positives). JNBY will also benefit from climbing interests for yield plays .

- **Why 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 ~10x FY6/25E P/E and 8% FY6/25E yield

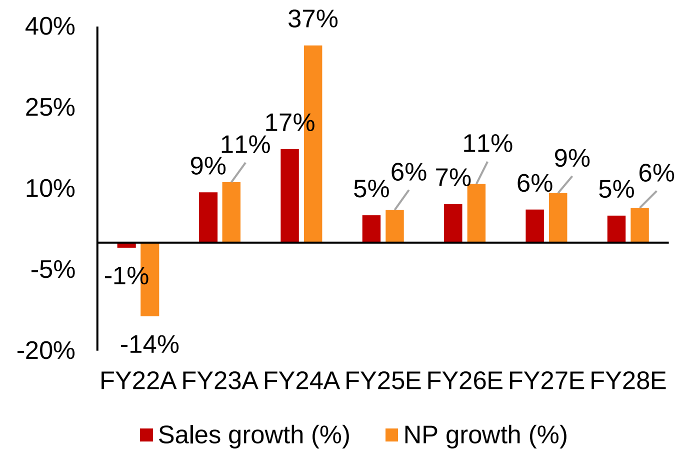
Link to latest report: JNBY Design (3306 HK) – Sales trend is muted but yield is still attractive

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)	10.4	9.8	8.8	8.1
P/B (x)	4.0	3.6	3.3	2.9
Yield (%)	8.3	7.7	8.5	9.3
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 (12% upside)

Analyst: Walter Woo

- **Investment Thesis:** It is the largest and fastest-growing coffee brand in China, has 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 pushes in its food delivery business, 4) reductions in competition and 5) product category expansions (the Kale drink is very hot selling and 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 staffs, etc.).

- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our net profit forecasts are +8%/ +3%/ +4% 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, as it is trading at around 20x FY25E P/E.

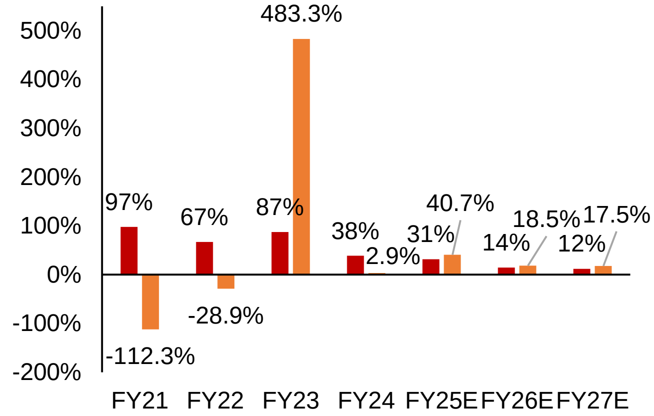
Link to latest report: Luckin Coffee (LKNCY US) - Management is prudent but long-term story intact

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)	29.5	21.1	17.9	15.3
P/B (x)	6.6	5.1	4.0	3.2
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 (64% upside)

Analysts: Miao Zhang

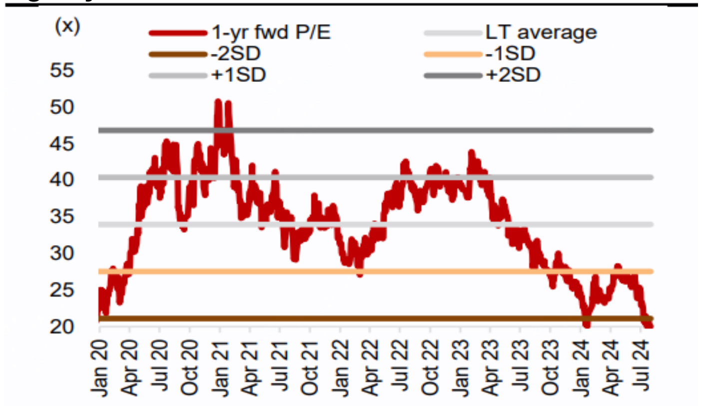
- Proya's 2Q24 results beat consensus with revenue/net profit +41%/37% YoY (1H24 revenue/net profit +37.9/40.5% YoY), mostly contributed by the accelerated sales growth of main brand to 37.7% YoY. The earnings ranked the top among peers. 1H24 GPM dropped by 0.7 ppt. and steadied at 69.8%, accompanied 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	FY24A	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	2.0	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 (54% upside)

Analysts: Miao Zhang

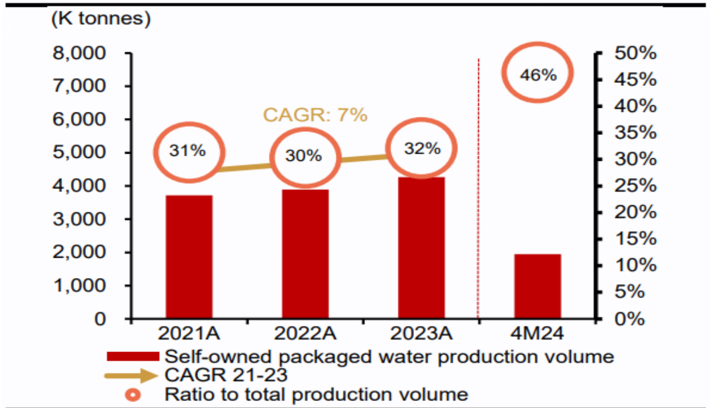
- CR Beverage's FY24 revenue was flat YoY at RMB13.5bn, missing CMBI's forecast by 6% due to stiffer packaged water competition and headwinds from the consumption climate, extreme weather in core areas and capacity limits of beverage products. Net profit rose 23.1% YoY to RMB1.6bn, or 25% excluding listing 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	11.2	9.5
P/B (x)	3.1	2.0	1.8	1.6
Div yield (%)	0.0	4.3	3.6	4.2
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

BeOne (ONC US) – CDK4i showed preliminary efficacy while data still maturing

Rating: BUY **| TP:** US$359.47 (29% upside)

Analysts: Jill Wu/ Andy Wang

- **Investment thesis:** Sales of zanubrutinib (Zanu) remained strong. BeOne reported product revenue of US$1.11bn in 1Q25 (+48% YoY, -1% QoQ), with Zanu contributing US$792mn (+62% YoY, -4% QoQ). 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:** BeOne reported GAAP operating income of US$11mn and GAAP net income of US$1mn, marking a significant milestone. 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).
- **Why do we differ**: We expect BeOne to achieve significant R&D milestones in 2025. BGB-43395 (CDK4i) showed favourable hematologic safety with reduced neutopenia, while the efficacy data are still maturing. In dose optimization cohorts of pre-treated breast cancer and solid tumors receiving BGB-43395 plus fulvestrant (n=61), neutropenia incidence (grade ≥3) was notably lower—8.2% in dose optimization and 16.2% in dose escalation—compared to 29–55% of other approved CDK4/6 inhibitors and 18.2% with Pfizer's CDK4i atirmociclib. Grade ≥3 diarrhea was observed in 5.4–8.2% of patients. In the dose escalation study, ORR was 11% (2/19) in heavily pre-treated HR+/HER2- breast cancer (BC) patients, who had a median of four prior treatments. The current ORR is not yet conclusive given the short median follow-up of just 3.0 months. The KOL expects an improvement in response rates with longer observation, noting that CDK4/6 inhibitors typically require 3–5 months to elicit a response. Mgmt remains confident and plans to initiate a Ph3 trial in 2L HR+/HER2- BC in 4Q25. We expect BeOne to release undated data of BGB-43395 in late 2025. Additionally, BeOne's multiple assets are expected to reach PoC in 2H25, including Pan-KRASi, FGFR2b ADC, PRMT5i, etc.
- **Valuation:** We remain positive on BeOne's R&D and earnings growth. We derive TP of US$359.47 (WACC: 9.32%, terminal growth rate: 3.0%).

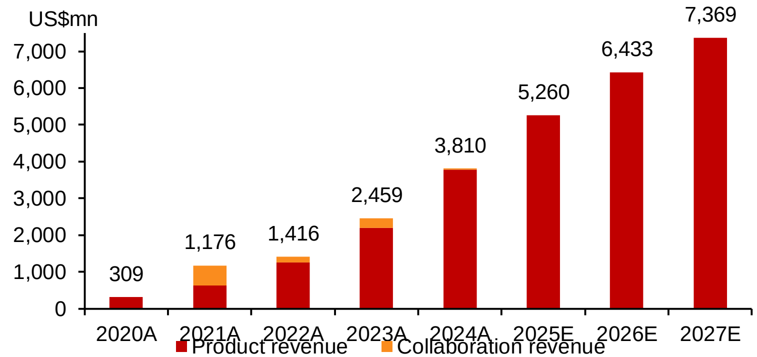
Link to latest report: [BeiGene (ONC US) - CDK4i showed preliminary efficacy while data maturing]

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$)	1.90	7.90	10.96
Consensus EPS (US$)	1.55	5.46	9.29
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

3Sbio (1530 HK) – Expecting 707's gradual realization of BIC potential in PD-1/VEGF

Rating: BUY **| TP:** HK$28.32

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** 3SBio has reached a milestone agreement with Pfizer (PFE US, NR), licensing its PD-1/VEGF bispecific antibody drug, 707, in a deal worth more than US$6bn, including an upfront fee of US$1.25bn and up to US$4.8bn milestone payments, as well as a double-digit percentage royalty on product sales. Additionally, Pfizer will subscribe to US$100mn worth of 3SBio's ordinary shares on the agreement's effective date. We believe the deal was attributable to 707's best-in-class (BIC) potential demonstrated in clinical studies, as well as its globally leading development progress. Leveraging Pfizer's abundant clinical resources and strong execution capabilities, 707's overseas clinical development is expected to accelerate rapidly, fully unlocking its BIC potential.
- **Our View: (1) 707 demonstrates BIC potential.** In Ph2 data published in ASCO2025, 707 demonstrated cORR of 64.7% in PD-L1-positive NSCLC patients at the 10 mg/kg dose.(vs. Ivonescimab's ORR of 60% in its HARMONi-5 trial) . In May 2025, 707 entered a Ph3 clinical trial, with the trial design comparing 707 monotherapy to pembrolizumab (Keytruda) in PD-L1-positive (PD-L1 TPS ≥1%) wild-type NSCLC patients. We expect that 3SBio will initiate Ph3 trials of 707 for 1L CRC in 2025E. **(2) 707 Deal will significantly boost 3SBio's 2025E earnings.** All payments from the 707 out-licensing deal will be allocated 70% to Shenyang Sunshine and 30% to Sunshine Guojian, with 3SBio holding an 80.88% controlling interest in Sunshine Guojian. We expect Pfizer will make the upfront payment within 2025E, adding approximately US$1.18bn (~RMB8.5bn) to 3SBio's pre-tax profit.
- **Why do we differ vs consensus:** After reaching an agreement on PD-(L)1/VEGF-targeted drugs, both Summit and BioNTech initiated their first overseas clinical trial within five to seven months. Therefore, we expect that Pfizer will rapidly initiate the overseas clinical development of 707, particularly in 1L NSCLC. In addition, we consider that several assets in Pfizer's existing R&D pipeline have potential for combination with 707, including PD-L1 ADC, Nectin-4 ADC, IB6 ADC etc. We estimate that the risk-adjusted overseas peak sales of 707 could reach US$5.1bn, while the risk-adjusted domestic peak sales are expected to reach RMB3.4bn. This is mainly based on the indications for which the company is about to initiate Phase III trials in China, including 1L wild-type NSCLC and 1L MSS colorectal cancer.
- **Valuation:** We derive our target price of HK$28.32 based on a 11-year DCF model (WACC: 11.46%, terminal growth rate: 2.0%) .

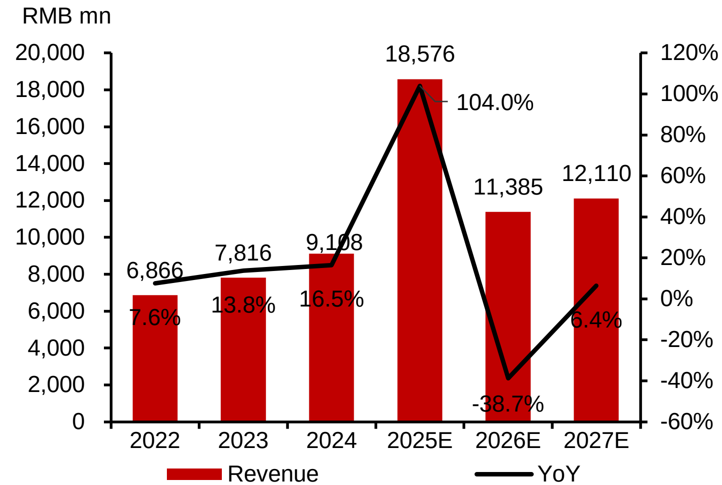
Link to latest report: 三生制药 (1530 HK) - 与辉瑞达成重磅授权交易，释放PD-1/VEGF的同类最佳潜力

Financials and valuations

(YE 31 Dec)	FY25E	FY26E	FY27E
Revenue (RMB mn)	18,576	11,385	12,110
YoY growth (%)	104.0	(38.7)	6.4
Attributable net profit (RMB mn)	9,310	2,985	3,104
YoY growth (%)	345.4	(67.9)	4.0
EPS (RMB)	3.88	1.24	1.29
P/E (x)	4.6	14.2	13.7
Net gearing (%)	(26.6)	(30.8)	(34.9)

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

PingAn (2318 HK) - NBV to steadily rise with enhanced capital position of Ping An Life

Rating: BUY **| TP:** HK$65.1 (26% upside)

Analyst: Nika Ma

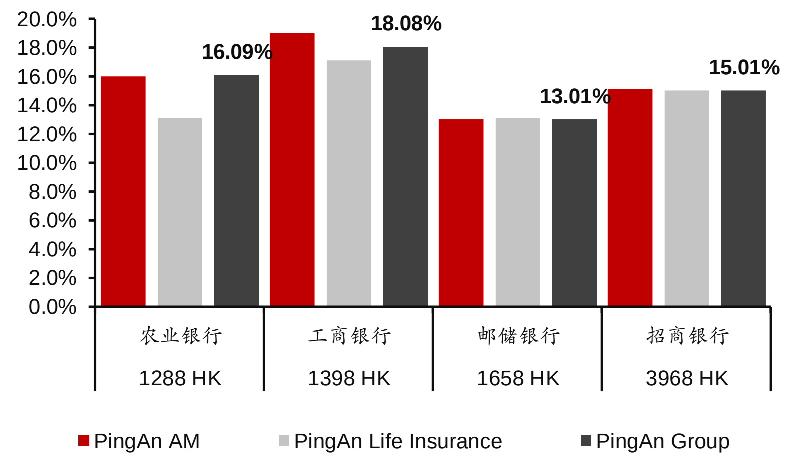
- **Investment Thesis:** We expect the insurer's NBV to rise in mid-teens on margin recovery in FY25E with improved breakeven yields of in-force and new business to less than 2.5%/2.2%, benefiting from a pivot shifting towards participating (PAR) products (1Q25: >30% of new sales) and the extension of regulatory commission rate controls to the agency channel. OPAT of three core segments could stabilize over long run supported by continued de-risking efforts on its investment portfolios. The increase in market capitalization of H-share banks in 1H25 should boost OCI equity gains and hence, strengthen the net asset value for robust dividend growth. In April 2025, Ping An Group injected RMB20bn to Ping An Life to strengthen the subsidiary's capital buffer amid increasing volatilities, and boost the capabilities on operations, investments, and dividend distributions back to the Group accordingly.
- **NBV margin improvement to drive value growth:** Bancassurance/community finance underpinned NBV growth in 1Q25, with each channel's NBV surged 1.71x YoY (agency:+12%). Bancassurance margin improved to over 30% with increased sales volumes in 1Q25 driven by a focus on product quality and expanding partnerships with the number of outlets increased to 16k (vs FY23/24: 5k/12k). We expect NBV margin to continuously rise in FY25E, given 1) the expense alignment rules extended to agency channel and 2) an expected PIR cut in 3Q25E, with the guaranteed rate for traditional life products to downgrade 50bps to 2.0%; partially offset by a lower margin from increasing proportions of participating product sales.
- **Outperformance in H-share banks could advance NAV.** Ping An has enhanced stock positions in SOE banks since year-beginning, where the majority of stocks were assigned to FVOCI. On June 30, the Goup's position in ICBC (1398 HK)/ ABC (1288 HK)/CMB (3968 HK)/PSB (1658 HK) amounted to 18.08%/16.09%/ 15.01%/13.01%, with respective share prices surging 19%/26%/37%/20% in 1H25. The increasing exposure to the H-share bank sector fits the Group's selective high yield stocks' strategy, and complies to the internal limit for industry concentration. We are upbeat on the rise of banking sector to boost the insurer's OPAT and NAV.
- **Valuation/Risks:** Maintain BUY, with our TP at HK$65.10. The stock is trading at FY25E 0.6x FY25E P/EV, with avg. 3yr forward ROE at 13% and a yield above 6%. Our TP implies 0.8x FY25E P/EV. Key risks incl. prolonged low interest rates, intensified equity market fluctuations, and lower-than-expected new sales, etc.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	163,433	160,2118	168,596	179,937
EPS (RMB)	7.16	7.55	8.01	8.59
Consensus EPS (RMB)	n.a	7.46	8.03	8.89
P/EV (x)	0.7	0.6	0.6	0.5
P/B (x)	0.8	0.7	0.7	0.6
Dividend yield (%)	6.0	6.3	6.7	7.0
ROE (%)	13.9	13.4	12.7	12.5

Source: Company data, Bloomberg, CMBIGM estimates

Fig: PingAn Group's H-share banks' exposure to-date



Source: Bloomberg, CMBIGM estimates

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

Rating: BUY | **TP:** HK$15.80 (4% upside) Analyst: Nika Ma

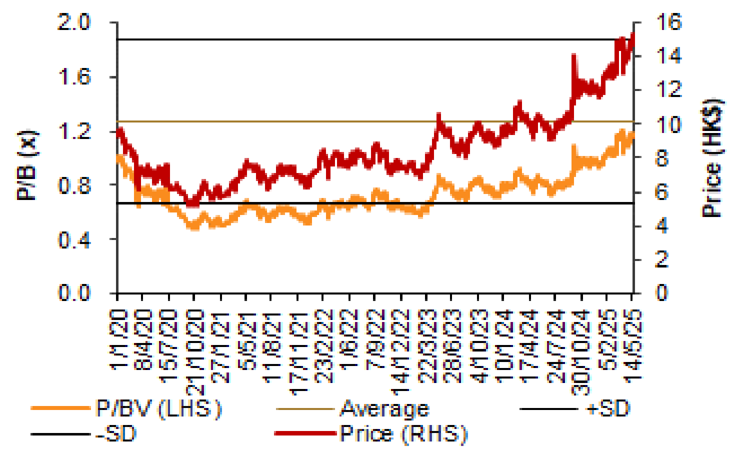
- **Investment Thesis:** We think PICC P&C could achieve the bullish guidance of auto/non-auto CoR to be less than 96%/99% in FY25E, with our projected CoR on these two segments at 95.9%/99.0% by year-end. We believe the improved underwriting profits could largely offset potential fair value losses on investments, and shore up bottom-line growth by 12% YoY, benefiting for dividend 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 stabilized avg. ticket size. In April, we see auto premium rebounded to rise by 4.5% YoY on an industry level, propelled by recovered sales of retail passenger cars (+14.5%) and a record NEV passenger cars penetration to 51.6%, up 11.3pct/4.7pct YoY/MoM. We maintain our projections on auto premium to grow 4.2% YoY, and auto CoR at 95.9% (vs FY24: 96.8%) in FY25E, thanks to prudent expense mgmt. and higher mix of household vehicles. Non-auto CoR could drop faster than that of auto as the insurer re-emphasizes on expense control with an aim to scale down loss-making corporate lines 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.** The 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 contractions on 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 total. Stocks in FVOCI/FVTPL and equity funds were up 40%/20%/stable YoY to make up 5.8%/1.4%/2.2% of 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 1.2x 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 (28% 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) step-up of AI investment will drive marketing and cloud business revenue growth.

- **Our view:** Tencent's 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 (+3.2ppts YoY). We are upbeat on Tencent's AI development, and expect AI will continue to support growth of its different business lines.

- **Catalysts:** 1) Step-up of 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.

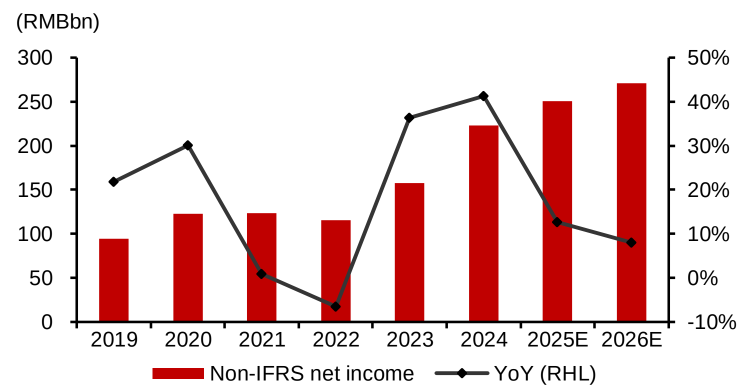
Link to latest report: Tencent (700 HK) - 1Q25 results beat; AI accelerates business growth

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)	27.4	19.1	16.9	15.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Alibaba (BABA US) – Escalated investment in instant commerce could weigh on ST profitability

Rating: BUY | **TP:** US$141.2 (22% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu

- **Investment Thesis:** 1) Alibaba's fundamental is 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 charge and increase in 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.

- **Our View:** For 1QFY26 (March year-end), we are anticipating a continued acceleration in cloud revenue growth QoQ, a sustained YoY increase in monetization rate of Taobao & Tmall Group (TTG), and ongoing YoY loss reduction of Alibaba International Digital Commerce (AIDC). We expect the heightened investment in instant commerce to weigh on near-term profitability, and we baked in c.RMB10bn/20bn investment amount in 1Q/2QFY26E, which may likely lead to 16%/45% YoY decline in group level adj. EBITA, and ROI related operating data such as user retention and stickiness, cross-sell rate are keys to monitor, in our view. However, we believe Alibaba remains one of the key beneficiaries under the AI theme, and we suggest investors to look beyond near-term earnings fluctuation.

- **Catalysts:** 1) moderation of industry competition in instant commerce business, which could drive better-than-expected core earnings growth; 2) better-than-expected cloud revenue growth aided by increase in inference demand; and 3) positive update regarding fintech business investees.

- **Valuation:** Our SOTP-based valuation of US$141.2 translates into 14x FY27E PE.

- **Link to latest report**: Alibaba (BABA US) – Escalated investment in instant commerce could weigh on ST profitability

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
P/E (x)	13.5	11.6	10.0	8.9

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	$/share	Value split
1	Taobao and Tmall Group	8.0x FY26E P/E; 20% tax rate on adjusted EBITA	67,443	19,148	8.0		1,102,925	153,184	65.4	46%
2	International Digital Commerce Group	1.5x FY26E EV/S	21,635			1.5	233,653	32,452	13.9	10%
3	Local Services Group	1.0x FY26E EV/S	10,527			1.0	75,796	10,527	4.5	3%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63.7% shareholding	12,800				47,380	6,581	2.8	2%
5	Cloud Intelligence Group	4.0x FY26E EV/S on revenue before intersegment elimination	20,067			4.0	577,935	80,269	34.3	24%
6	Digital Media and Entertainment Group	0.7x FY26E EV/S, inline with iQIYI trading EV/S	3,224			0.7	16,249	2,257	1.0	1%
7	All others	1.0x FY26E EV/S	20,315			1.0	138,956	19,299	8.2	6%
	Total Alibaba business						**2,192,893**	**304,568**	**130.0**	
INVESTMENTS										
1	Ant Group	Last round share buyback valuation; 33% share holding					187,143	25,992	11.1	
2	Others	Market valuation					81,203	11,278	4.8	
	Total investment (with 30% holding discount)								**11.1**	8%
	Total (US$mn)								**141.2**	
	#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 (11% 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:** Our DCF-based valuation of US$70.0 translates into 20x FY25E PE.

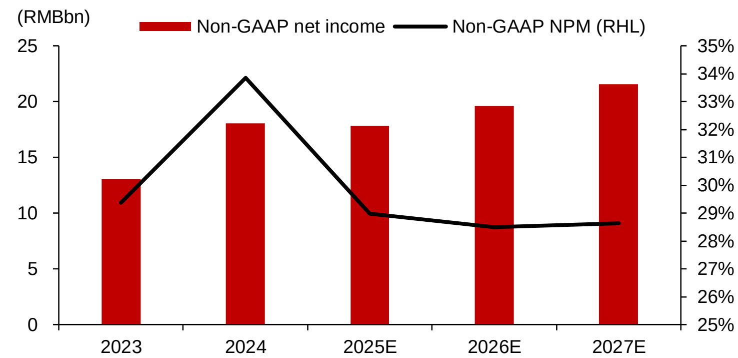
Link to latest report: Trip.com Group (TCOM US) – Resilient revenue growth with investment on track for overseas expansion

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 (37% 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	FY24A	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	18.3	15.3
P/B (x)	2.3	2.2	2.2	2.1
Yield (%)	2.2	3.3	3.8	4.6
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 (17% upside)

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 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 resilient China's market (+3% YoY) but weaker overseas market (1-2% YoY or potential decline); 3) AIoT: fast-growing phase with shortage in some SKUs, and capacity expansion to accelerate; 4) smart EV: positive on shipment/ASP, capacity expansion and profitability; 5) in-house chips: focus on flagship models and in-house 5G modems next, and profitability is not priority in the near term. Overall, we expect Xiaomi's adj. net profit to grow 47%/30% YoY in FY25/26E.

▪**Why 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.

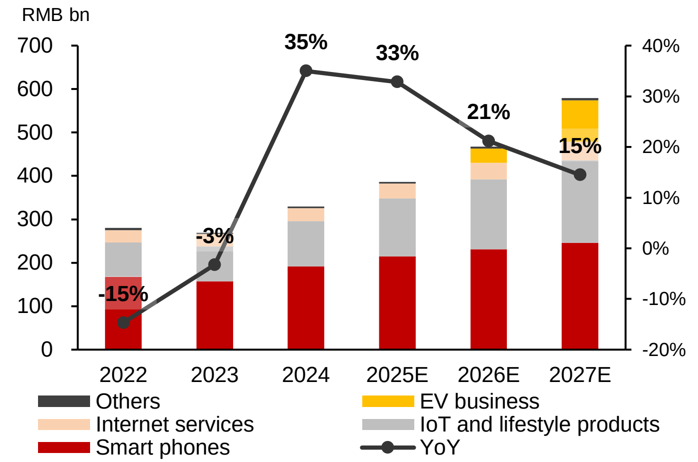
Link to latest report: Xiaomi (1810 HK) - 1Q25 strong beat; Positive on premiumization, YU7 ramp-up and SoC breakthrough in 2H25E

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)	48.1	32.8	25.2	21.5
P/B (x)	8.2	5.7	4.8	4.1
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 (41% 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 phone 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.
- **Why 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.

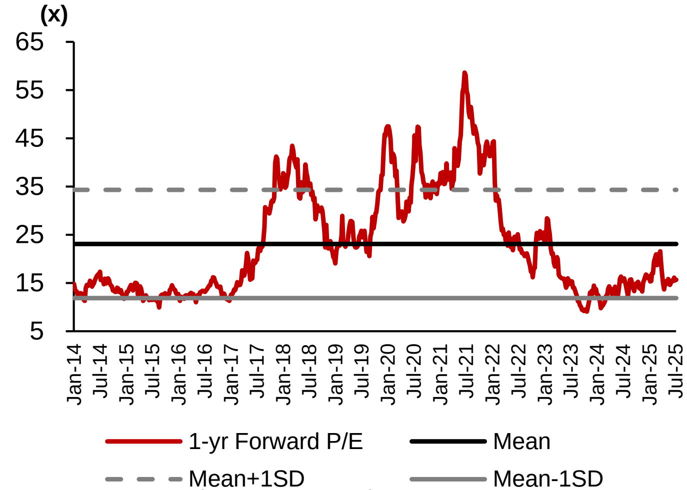
Link to latest report: AAC Tech (2018 HK) - Takeaways from mgmt. visit: Multiple growth drivers from optics, automotive and robotics

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)	23.8	17.2	14.5	13.2
P/B (x)	1.8	1.7	1.6	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) – Apple order win, auto rapid ramp-up and AI server biz expansion

Rating: BUY | **TP:** HK$43.22 (30% 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:** Mgmt. remains positive on business outlook in 2025-27, and reiterated 2025 revenue target of RMB190-210bn in 2025 (+12-19% YoY), mainly driven by business growth from US client (iPad/smart home) and auto business. For consumer electronics, mgmt. expected stable Android biz (RMB40bn) and sales growth from the US client (RMB103bn-110bn) in 2025, given share gains in iPad/glass cover and new smart home product, as well as potential foldable phone biz in 2026. 1Q25 revenue was dragged by US client order, and mgmt. expected 2Q25 revenue to recover QoQ and YoY. For the auto segment, mgmt. expected value content per car to climb to RMB5k+ in 2025 (vs. RMB4k in 2024), driven by parentco order ramp-up, ADAS penetration and smart suspension/thermal products.

▪**Why 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 shipment, and NEV/AI server new product 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.

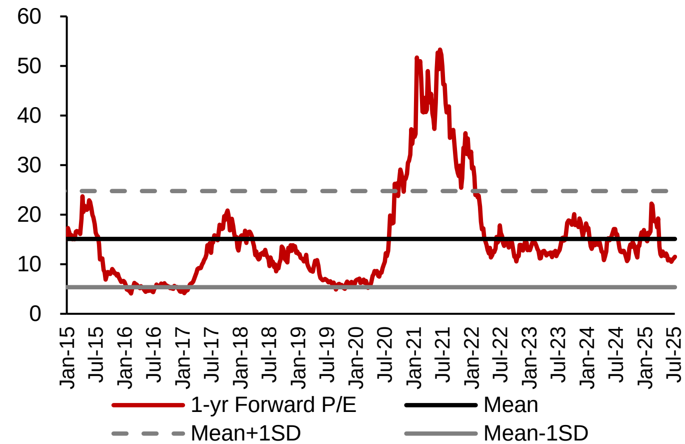
▪**Link to latest report:** BYDE (285 HK) - Takeaways from mgmt. visit: Apple order win, auto rapid ramp-up and AI server biz expansion

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)	16.1	12.5	10.1	8.0
P/B (x)	2.6	2.3	2.0	1.8
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 (29% 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.

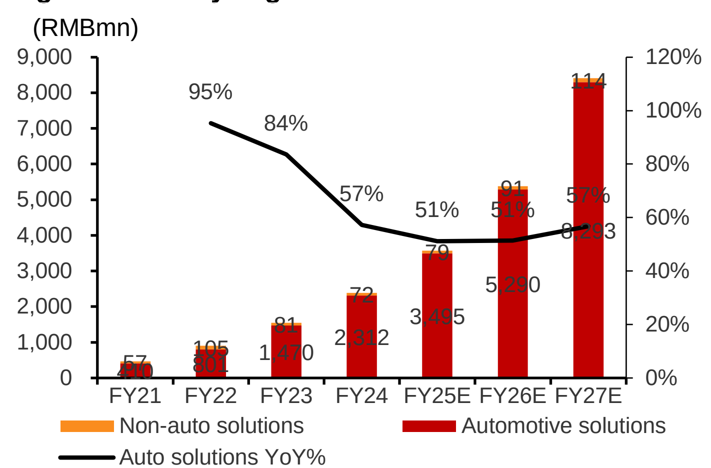
Link to relevant report: Semiconductors - China's ADAS/AD players are set to gain ground at accelerated pace

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)	41.8	27.2	18.1	12.1	7.7
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 (44% 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 normal 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 mgmt. improved 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 slightly revise down FY25 revenue forecast by 1.6%, reflecting lower mobile CIS sales. We lift 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:** Potential risks include 1) worsening China-US trade relations, 2) heightened geopolitical tensions, 3) slower-than-expected R&D.
- **Valuation:** Maintain BUY with TP of RMB176, corresponding to 41x 2025E P/E.

Links to relevant reports:

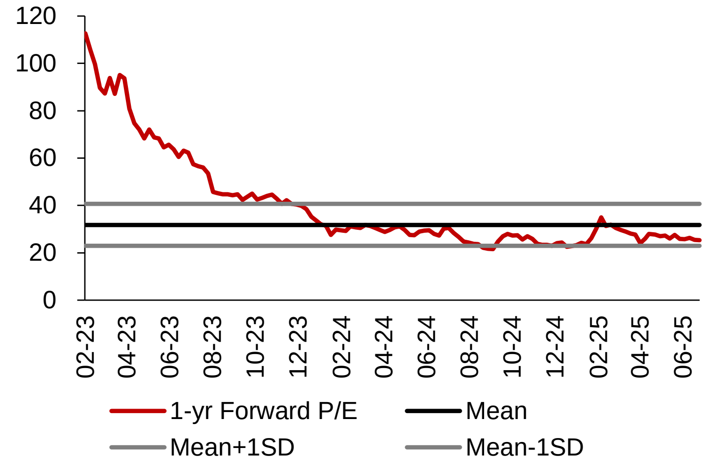
1. Willsemi (603501 CH) - Solid 1Q25 earnings driven by robust auto momentum; Maintain BUY
2. Willsemi (603501 CH) - True beneficiary of accelerating domestic AI innovation & autonomous driving penetration
3. Willsemi (603501 CH) - 3Q results in line with gradual recovery

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)	263.4	44.7	29.1	20.3	15.8

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 (55% upside) Analysts: Lily Yang/ Kevin Zhang

- **Company update:** We held a 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 the channel. 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:** Maintain BUY with TP of 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

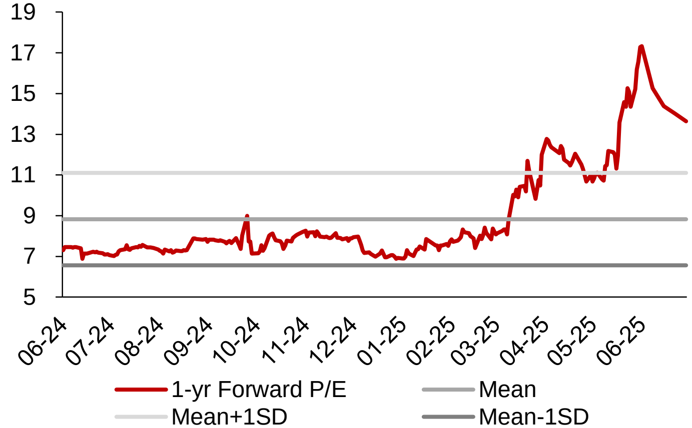
BaTeLab (2149 HK) - Record-high FY24 NPM of 28.8% underpins ability to maintain high margins

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)	17.7	18.1	18.8	20.1	20.7

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:** RMB379.26 (19% 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.

Links to relevant reports:

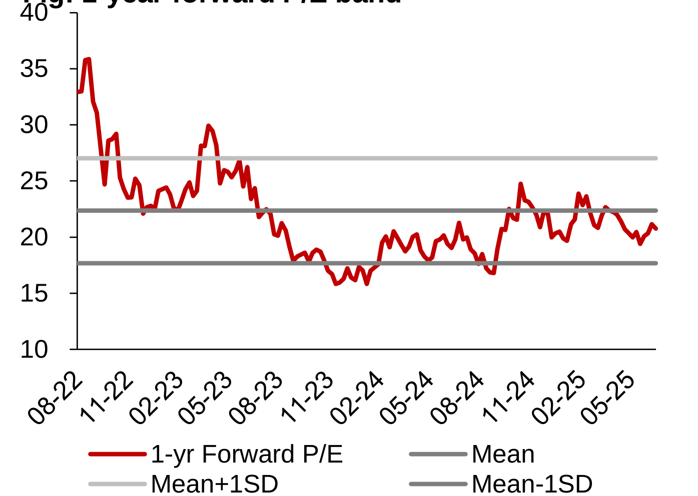
1. Naura Technology (002371 CH) - Solid FY24 earnings amid accelerated semi supply chain domestication
2. Naura Technology (002371 CH) - Solid Q3 earnings signal intact growth trajectory

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)	60.7	42.2	32.1	25.1	19.4

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 (50% 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).

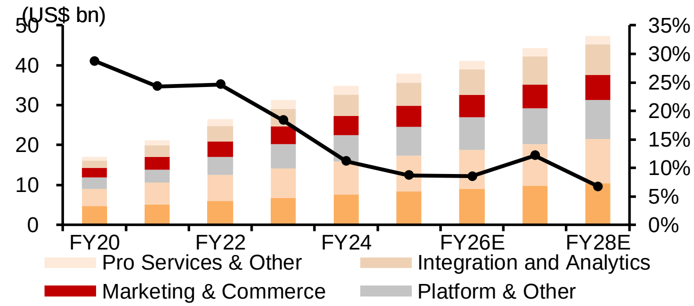
Link to latest report: Salesforce (CRM US) – 1QFY26 cRPO growth beats expectation; Data Cloud & AI momentum continues

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)	31.1	25.0	22.8	19.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Salesforce: revenue and YoY



Source: Company data, CMBIGM estimates

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