

CMBI Research Focus List

Our best high conviction ideas



18 Aug 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 FY25E	P/B (x) FY24A	ROE (%) FY24A	Yield FY24A	Analyst
Long Ideas													
Geely Automobile	175 HK	Auto	BUY	25.7	170.6	20.0	25.00	25%	10.50 9.90	2.00	19.9	1.8%	Shi Ji/ Wenjing Dou/ Austin Liang
Leapmotor	9863 HK	Auto	BUY	11.5	59.1	67.4	72.00	7%	N/A 245.00	7.00	N/A	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
Zoomlion	1157 HK	Capital Goods	BUY	8.8	8.2	6.8	7.40	9%	14.60 12.30	0.90	6.20	4.8%	Wayne Fung
SANY International	631 HK	Capital Goods	BUY	2.9	9.9	7.1	8.70	22%	19.80 9.70	1.80	15.5	3.9%	Wayne Fung
Green Tea	6831 HK	Consumer Discretionary	BUY	0.6	2.7	7.2	10.54	46%	11.10 9.60	5.10	59.1	4.6%	Walter Woo
JNBY	3306 HK	Consumer Discretionary	BUY	1.2	2.2	18.3	18.68	2%	10.20 9.60	3.90	40.5	8.4%	Walter Woo
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	10.9	69.7	38.5	44.95	17%	30.30 21.20	6.80	25.8	0.0%	Walter Woo
Proya	603605 CH	Consumer Staples	BUY	4.7	65.3	84.5	133.86	58%	22.20 18.60	6.20	30.8	2.1%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	3.5	16.0	11.6	18.61	61%	13.30 10.70	1.80	18.0	4.6%	Miao Zhang
BeOne	ONC US	Healthcare	BUY	39.1	102.8	321.4	359.47	12%	N/A N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
3Sbio	1530 HK	Healthcare	BUY	10.6	169.5	34.0	37.67	11%	N/A 7.20	N/A	N/A	N/A	Jill Wu/ Cathy Wang
Ping An	2318 HK	Insurance	BUY	145.5	340.2	58.2	65.10	12%	N/A N/A	0.80	13.9	6.0%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	53.0	56.0	18.7	15.80	N/A	N/A N/A	1.22	13.0	3.8%	Nika Ma
Tencent	700 HK	Internet	BUY	694.7	1207.9	593.0	705.00	19%	22.20 19.60	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	289.2	1501.1	121.3	141.20	16%	N/A 13.50	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao Lu
Trip.com	TCOM US	Internet	BUY	40.8	171.9	62.4	70.00	12%	17.60 18.40	N/A	N/A	N/A	Saiyi He/ Frank Tao/ Wentao LU
Greentown Service	2869 HK	Property	BUY	2.1	2.9	5.2	6.13	18%	20.80 17.40	2.40	9.7	0.0	Miao Zhang
Xiaomi	1810 HK	Technology	BUY	178.5	999.5	53.7	66.00	23%	44.70 27.80	7.60	14.4	N/A	Alex Ng/ Hanqing Li
AAC Tech	2018 HK	Technology	BUY	7.4	28.2	49.6	63.54	28%	27.60 18.50	2.10	7.8	0.6%	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	11.5	87.9	40.0	43.22	8%	19.60 15.30	3.10	13.2	0.0%	Alex Ng/ Hanqing Li
Horizon Robotics	9660 HK	Semi	BUY	13.1	164.6	7.4	8.90	21%	N/A N/A	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
OmniVision	603501 CH	Semi	BUY	21.3	209.3	126.7	176.00	39%	43.50 28.40	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
BaTelab	2149 HK	Semi	BUY	0.5	2.2	63.0	93.00	48%	18.30 14.60	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	35.0	250.7	348.6	379.26	9%	42.40 32.30	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Salesforce	CRM US	Software & IT services	BUY	231.8	2104.7	242.4	388.00	60%	31.10 25.00	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao

Source: Bloomberg, CMBIGM. Data as of 18/8/2025 11:40 a.m.

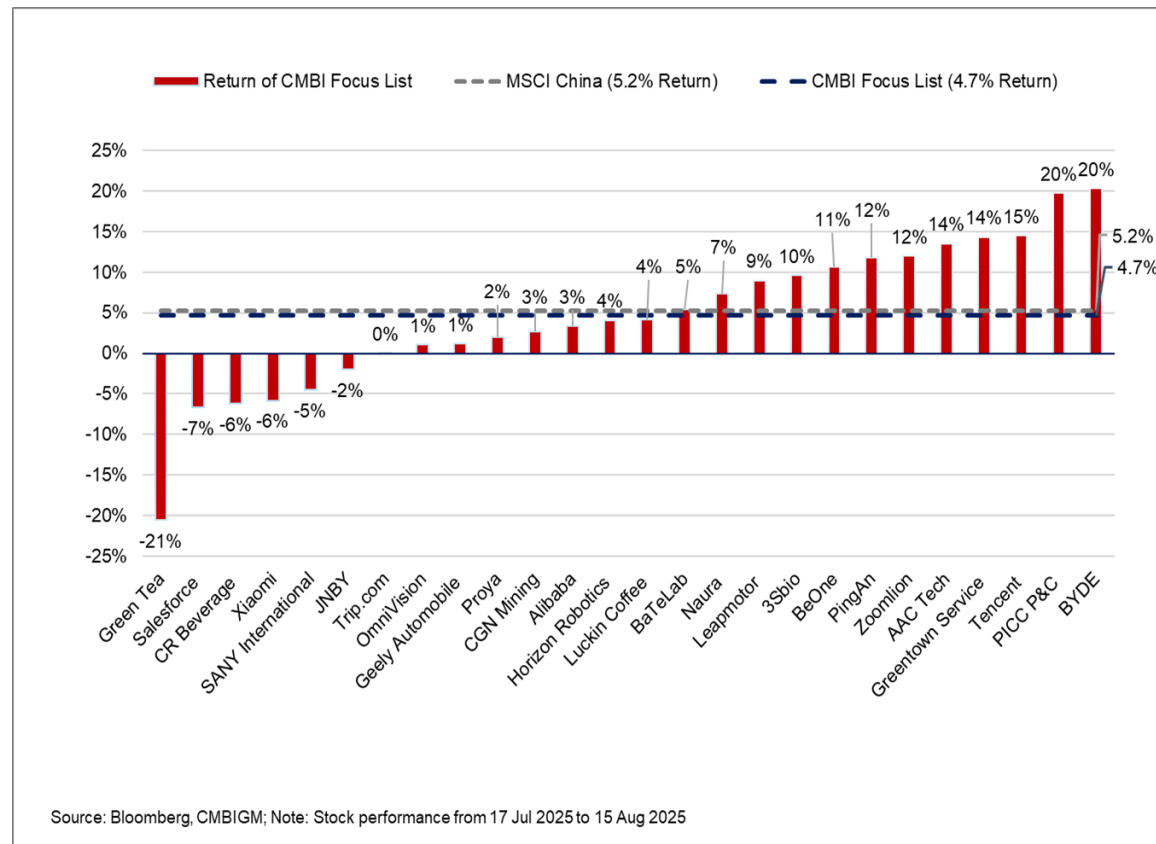
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Deletions					
CGN Mining	1164 HK	Materials	BUY	Wayne Fung	We expect the earnings in 1H25 will fall short of expectations. We therefore prefer to wait for a better entry point.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 17 Jul 2025, we highlighted a list of 26 long ideas.
- The basket (equal weighted) of these 26 stocks underperformed MSCI China index by 0.5 ppts, delivering 4.7% return (vs MSCI China 5.2%).
- 11 out of the 26 stocks outperformed the benchmark.



Long Ideas

Geely Automobile (175 HK) – Solid earnings with more competitive models ahead

Rating: BUY | TP: HK\$25.00 (25% upside)

Analysts: Shi Ji/ Wenjing Dou/Austin Liang

- **Maintain BUY.** Geely's 2Q25 earnings were in line with our prior forecast and beat market expectation with its QoQ improvement in GPM despite a prolonged price war. We expect its upcoming new models from different brands to be well received, which could lift average selling price and gross margin. There is still enough room for growth for Geely's NEVs, as its current NEV model line-ups only cover a few sub-segments. We raise our FY25-26E net profit estimates by 0.9%/1.2% to RMB17.7bn/18.6bn, respectively.
- **Still lots of growth potential for its new NEVs.** Geely appears to have found keys to making successful NEV models after the Galaxy E5. We believe that there is still enough room for growth for Geely's upcoming new NEVs, as the recently launched models (the E5, Starwish, Starship 7 and Xingyao 8) only cover part of the small and compact segments, as well as the medium-to-large sedan market. We expect the Galaxy A7, M9 and Xingyao 6, scheduled for launch in 2H25, to be well received. We raise our FY25E sales volume forecast from 3mn units to 3.02mn units.
- **FY25-26E outlook.** We revise up FY25E GPM forecast by 0.7ppts to 16.7% (2H25E: 17.0%), as its cost reduction efforts, especially from the integration synergies, appear to beat our prior expectation. We also raise selling expenses and finance costs to better reflect Lynk & Co integration, which also results in a 0.9% upward revision for our FY25E net profit forecast (RMB17.7bn). We raise our FY26E sales volume slightly to 3.26mn units, but revise up FY26E GPM forecast by 1ppt to 17%. Accordingly, we raise FY26E net profit estimates by 1.2% to RMB18.6bn.
- **Valuation/Key risks.** We maintain our BUY rating and raise our target price slightly from HK\$24.00 to HK\$25.00, based on 13x FY26E (prior 15x FY25E) P/E. Key risks include lower sales volume and/or gross margin than we expect, especially from new NEV models, as well as a sector de-rating.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	179,204	240,194	338,675	369,620
YoY growth (%)	21.1	34.0	41.0	9.1
Net profit (RMB mn)	5,308.4	16,632.4	17,703.0	18,627.6
YoY growth (%)	0.9	213.3	6.4	5.2
EPS (Reported) (RMB)	0.53	1.65	1.75	1.83
P/E (x)	32.8	10.5	9.9	9.5
P/B (x)	2.2	2.0	1.9	1.7
Yield (%)	1.2	1.8	4.0	4.2
ROE (%)	6.8	19.9	20.0	19.2
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Link to latest report: [Geely Automobile \(175 HK\) - Solid earnings with more competitive models ahead](#)

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

Rating: BUY | **TP:** HK\$72.00 (7% 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

Zoomlion (1157 HK) – High payout ratio and yield will likely gain traction

Rating: BUY | TP: HK\$7.4 (9% 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 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. For 2Q25E, we expect the core profit to resume growth. Besides, with Hong Kong borrowing rates (HIBOR as reference) having sharply declined, we expect continuous interest in high-dividend payout and high-yield names. With >70% payout ratio and ~5% yield, we expect Zoomlion will continue to gain traction.
- **Where 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 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, 19.5x 2025E P/E, equivalent to the five-year average historical P/E of 15x plus 1SD).

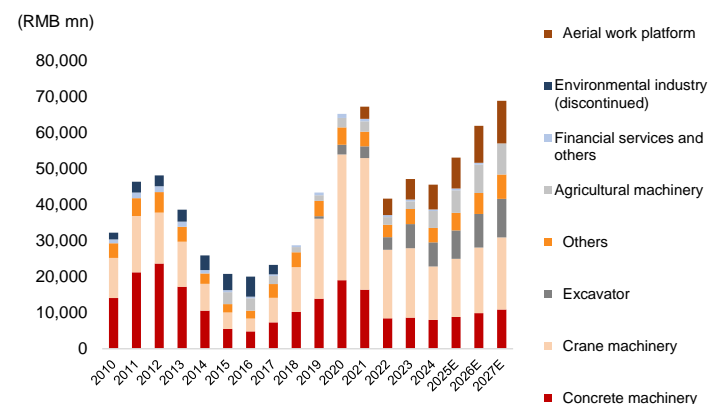
Link to latest report: [Zoomlion \(1157 HK/000157 CH\) - 2024 results below expectation; Still positive on the structural overseas growth trend](#)

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)	11.8	9.6	8.4	7.6
P/E (x)	14.6	12.3	11.0	9.9
P/B (x)	0.9	0.9	0.9	0.9
Yield (%)	4.8	5.4	6.1	6.7
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 (22% 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, in our view. Besides, the offerings of more large-size mining trucks could 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 could 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, which we think will ease market concerns.
- **Where 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 overseas sales in 2H25E.
- **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 9-10x as attractive entry point, given the improving earnings visibility.

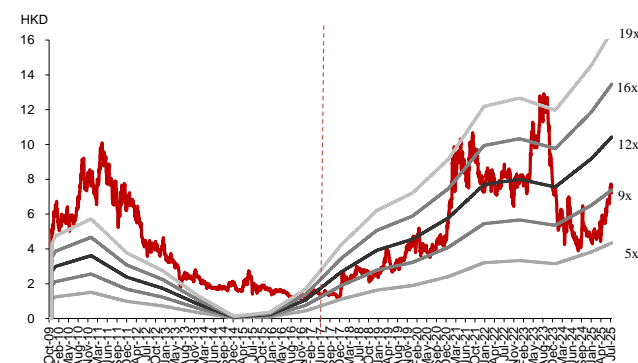
Link to latest report: [SANY International \(631 HK\) - 2Q25E profit rose 16-35% largely in-line; Solid growth trajectory](#)

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

Green Tea (6831 HK) – 1H25E profit comes as surprise with positive 2H25E outlook

Rating: BUY | TP: HK\$10.54 (46% 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, and RMB 3.6bn in sales from 360 stores in FY23. We project an 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 a 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:** 1H25 was better-than-expected, meaningfully easing investors' worries about SSSG turnaround and potential margin dilution from the delivery business. We are still positive about 2H25E, because SSSG has remained strong even in Jul 2025 (likely to sustain due to low base), and the Company's two key strategies are still working (opening smaller but more efficient new stores and ramping up its delivery business).
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 2%/ 3%/ 5% higher vs consensus and our net profit forecasts are 3%/ 2% lower/ 3% higher vs street as we are more confident on SSSG turnaround but more conservative on 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 derive our 12m TP of HK\$10.54 based on a 13x FY25E P/E. We believe the downside is protected by its recent turnaround and attractive yield (special dividend will be paid within 6 months). The stock is trading at ~10x FY25E P/E and 10% effective FY25E yield.

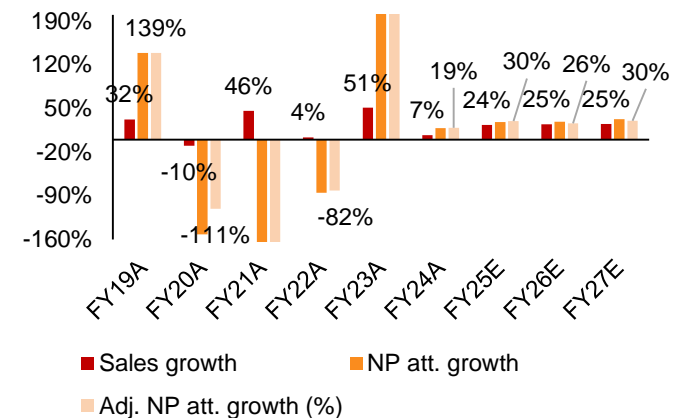
Link to latest report: [Green Tea Group \(6831 HK\) - 1H25E profit comes as surprise with positive 2H25E outlook](#)

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)	11.1	9.6	8.2	6.1
P/B (x)	5.1	4.5	3.4	2.6
Yield (%)	4.6	5.2	6.1	8.1
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

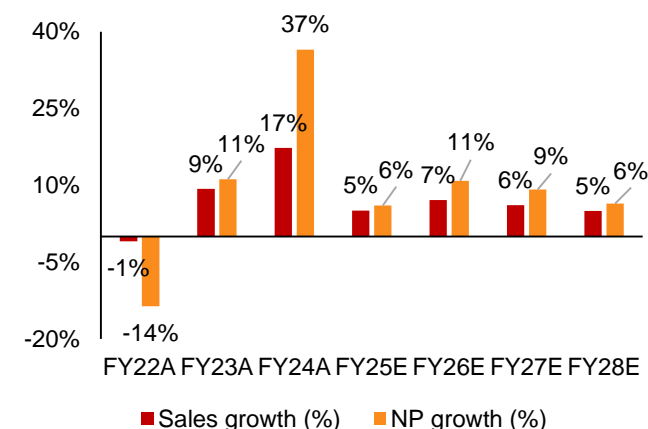
- **Investment Thesis:** JNBY is a leading designer brand in China, owning brands like JNBY, CROQUIS, less and jnby by JNBY, etc.. We believe its FY26E targets of RMB 6.0bn listco sales/ RMB 900mn NP are robust (10%/ 13% sales/ NP CAGR during FY23-26E) and achievable. Growth drivers include: 1) industry 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 the improved 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 (policy support 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 .
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are roughly inline with consensus but our net profit forecasts are 1%/ 4%/ 6% vs street as we are more optimistic on 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 derive 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.

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)	10.2	9.6	8.7	8.0
P/B (x)	3.9	3.6	3.2	2.9
Yield (%)	8.4	7.8	8.6	9.4
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

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

Luckin Coffee (LKNCY US) – Sales are booming but costs are also rising

Rating: BUY | TP: US\$44.95 (17% 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:** 2Q25 results were a beat and the underlying picture, in our view, which was just exceptional, could fuel a decent sales growth in 2H25E. However, because the surge in delivery expenses may continue and some subsidies may be provided to the franchisees, OP margin in 2H25E may experience some pressure. However, overall speaking, a reasonably fast sales growth (CMBI est. 41%) and NP growth (CMBI est. 43%) in FY25E is still highly possible. Maintain BUY given the cheap valuation (trading only at 21x FY25E P/E vs 25% sales CAGR during FY24-27E).
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 2%/ 3%/ 5% higher vs street but net profit forecasts are 2%/ 4%/ 2% lower as we are confident on sales growth but cautious on margins.
- **Catalysts:** Better than expected new products, store expansion, store efficiency and government stimulus.
- **Valuation:** We derived our 12m TP of US\$44.95 based on 25x 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 21x FY25E P/E.

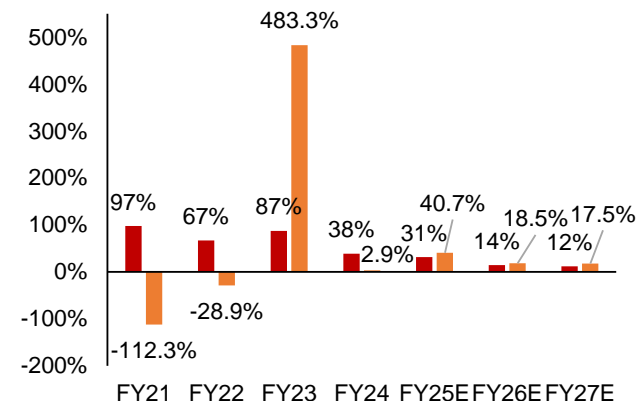
Link to latest report: [Luckin Coffee \(LKNCY US\) - Sales are booming but costs are also rising](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Sales (RMBmn)	34,475	48,641	58,960	67,220
YoY change (%)	38.4	41.1	21.2	14.0
Net profit (RMBmn)	2,932	4,199	5,255	6,205
EPS - Fully diluted (RMB)	1.15	1.633	2.034	2.390
YoY change (%)	1.9	42.5	24.5	17.5
Consensus EPS (RMB)	n/a	1.530	1.860	2.277
P/E (x)	30.3	21.2	17.1	14.5
P/B (x)	6.8	5.2	4.0	3.1
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	25.8	27.7	26.4	24.2
Net debt/ equity (%)	Net cash Net cash Net cash Net cash			

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

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

Rating: BUY | TP: RMB133.86 (58% upside)

Analysts: Miao Zhang

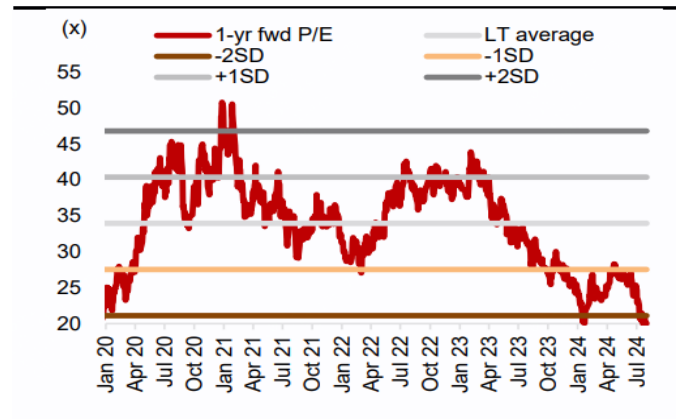
- Proya's 2Q24 results beat consensus with revenue/net profit +41%/37% YoY (1H24 revenue/net profit +37.9/40.5% YoY), mostly contributed by the accelerated sales growth of main brand to 37.7% YoY. The earnings ranked the top among peers. 1H24 GPM dropped by 0.7ppt and steadied at 69.8%, accompanied by the 3ppt increase in selling expense ratio to 47%, due to the prolonged 618 promotion cycle, continuous rise in unit cost of livestream marketing, and high e-commerce return rate. Full-year guidance wise, the company aims to maintain GPM at ~70% and maintain the NPM in a slightly upward trend.
- Hero SKUs outperform consistently, benefiting earnings.** Proya continued to consolidate the "hero product strategy". Its 1H24 image promotion fees rose 50% YoY and selling expense ratio hiked 3ppt 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 expansion plans on major sub-brands, especially TIMAGE and Hapsode. Looking forward, we believe that the readied products portfolio targeting wide price ranges and the experienced BU management team should provide solid support to overseas' steady growth.
- Valuation.** Maintain BUY with TP at RMB133.86, based on 35x 2024E P/E.

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	6,385	8,905	11,064	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)	Na	na	3.90	4.81
P/E (x)	39.9	27.3	22.2	18.6
P/B (x)	9.2	7.4	6.2	5.2
Div yield (%)	0.8	1.7	2.1	2.5
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 (61% upside)

Analysts: Miao Zhang

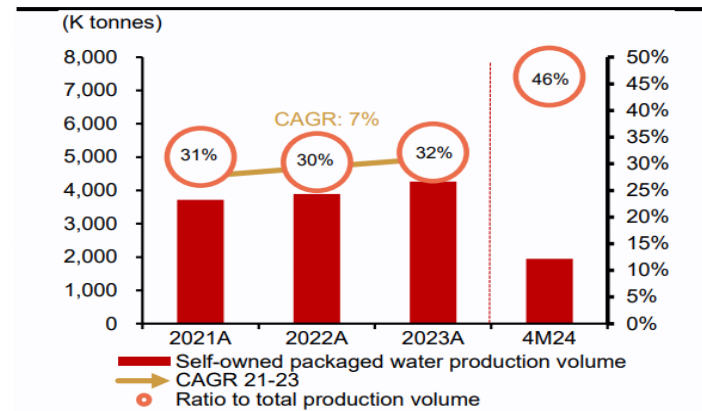
- CR Beverage's FY24 revenue was flat YoY at RMB13.5bn, missing CMBI's forecast by 6% due to stiffer packaged water competition and headwinds from the consumption climate, extreme weather in core areas and capacity limits of beverage products. Net profit rose 23.1% YoY to RMB1.6bn, or 25% excluding listing 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)	Na	na	0.82	0.94
P/E (x)	15.8	13.3	10.7	9.1
P/B (x)	2.8	1.8	1.7	1.5
Div yield (%)	0.0	4.6	3.7	4.4
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 Medicines (ONC US) – Solid Q2 results, eyes on CDK4i readouts by year-end

Rating: BUY | **TP:** US\$359.47 (12% upside)

Analysts: Jill Wu/ Andy Wang

- Sustained profitability with improving margins and strong cost discipline.** Following its first-ever GAAP profit of US\$1mn in 1Q25, BeOne delivered a significantly higher GAAP net profit of US\$94mn in 2Q25, driven by robust topline growth and enhanced operating leverage. GP margin (vs product sales) improved to 87.4% in 2Q25, up from 85.1% in 1Q25 and 84.3% in FY24. SG&A ratio was further optimized to 41.3% (vs 41.4% in 1Q25 and 48.5% in FY24), while R&D ratio declined to 40.3%, reflecting increased operational efficiency. Management has raised its GP margin guidance to the mid-to-high 80% range. We reaffirm our view that BeOne will achieve GAAP-positive operating income in FY25, and we project a full-year net profit of US\$332mn.
- Sales of zanubrutinib remained strong.** For 1H25, BeOne reported total revenue of US\$2.43bn (+45% YoY), achieving 46% of our previous full-year forecast, in line with our expectations. In 2Q25, Zanubrutinib (Zanu) sales reached US\$950mn, +49% YoY and +20% QoQ, significantly outperforming ibrutinib (+3% QoQ) and acalabrutinib (+14% QoQ). In the US, Zanu remains the top BTKi by revenue since 1Q25 and leads in new patient prescriptions across both 1L and RR CLL treatment settings. Zanu accounted for approximately 25% of new all-line CLL prescriptions in 4Q24. We see substantial upside as Zanu gains share from legacy BTK inhibitors and alternative regimens.
- Eyes on further data readout of CDK4 inhibitor.** BGB-43395 (CDK4 inhibitor) has shown a favourable hematologic safety profile in combo with fulvestrant for pre-treated breast cancer and solid tumors, with neutropenia incidence (grade ≥3) notably lower—8.2% in dose optimization and 16.2% in dose escalation—compared to 29–55% seen with other approved CDK4/6 inhibitors and 18.2%-23.5% with Pfizer's CDK4i atirramociclib. The response data was immature with just 3.0 months of follow-up during the R&D Day data release in Jun, as CDK4/6 inhibitors typically require 3–5 months to demonstrate response. We remain confident towards the further readout of the asset at the SABCS meeting in Dec 2025. BeOne is preparing to initiate a Ph3 trial of BGB-43395 in 2L HR+/HER2- breast cancer in early 2026, with a Ph3 trial in 1L to follow in 2026.
- Valuation:** We look forward to the data readout of CDK4i later this year. Our DCF-derived TP is US\$359.47 (WACC: 9.64%, terminal growth rate: 3.0%).

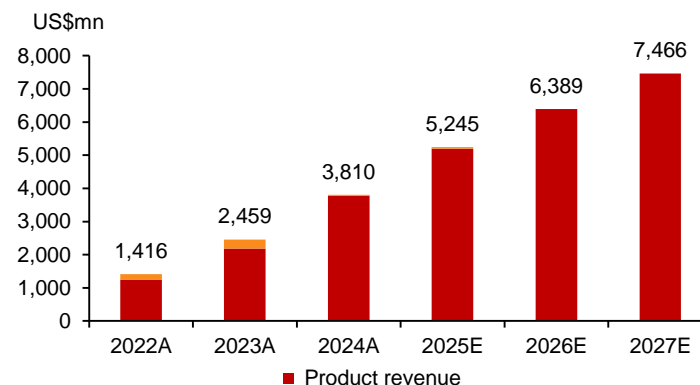
Link to latest report: [BeOne Medicines \(ONC US\) - Solid Q2 results, eyes on CDK4i readouts by year-end](#)

Financials and Valuations

(YE 31 Dec)	FY25E	FY26E	FY27E
Revenue (US\$ mn)	5,245	6,389	7,466
YoY growth (%)	38	22	17
Attributable net loss (US\$ mn)	332	912	1,324
EPS (US\$ per ADS)	2.98	8.20	11.91
Consensus EPS (US\$ per ADS)	1.72	5.75	8.41
R&D expenses (US\$ mn)	(2,078)	(2,044)	(2,165)
SG&A expenses (US\$ mn)	(2,130)	(2,492)	(2,837)
Capex (US\$ mn)	(200)	(200)	(200)
Current ratio (x)	2.1	2.5	3.1

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\$37.67 (11% upside)

Analysts: Jill Wu/ Cathy Wang

- 3SBio's global (ex-China) license agreement with Pfizer (PFE US, Not rated) for 707 (PD-1/VEGF) has come into effect. Meanwhile, Pfizer completed the subscription of 31,142,500 3SBio shares at HK\$25.2 per share, amounting to approximately HK\$785mn. In addition, the license grants Pfizer an option for the China rights to 707; if exercised, 3SBio will receive up to US\$150mn in option fees. Pfizer is actively advancing an aggressive development plan, including the initiation of Phase I/II clinical trials combining 707 with ADCs such as SV, PDL1V, and Padcev, as well as the Phase III clinical trial of 707 in 2025E. Later in 2025, Pfizer will disclose additional details of the 707 clinical plans. We believe Pfizer has placed high strategic priority on 707. Leveraging Pfizer's more than 4,000 oncology clinical trial sites across 45 countries, 707's overseas clinical development is expected to accelerate rapidly, fully unlocking its BIC potential.

- Our View: (1) Differentiated structural designs confers potential efficacy and safety advantages.** 707's tetravalent structure and a "daisy chaining" effect provide robust cooperative binding. For example, after binding VEGF in the tumor microenvironment, its binding strength to PD-1 increased approximately 100-fold, which may enhance antitumor activity. In addition, the Fc region of 707 is derived from IgG4, an immunoglobulin class with innately reduced ability to induce immune activation, thus potentially limiting undesirable inflammatory immune responses. **(2) 707 demonstrates BIC potential.** In Ph2 data published in ASCO2025, 707 demonstrated cORR of 64.7% in PD-L1+ NSCLC patients at the 10 mg/kg dose.(vs. Ivonescimab's ORR of 60% in its HARMONi-5 trial). Spider plots show tumor size continued to shrink further and trend toward stabilization, preliminarily indicating the depth and durability of response. Pfizer management noted that rapid killing of NSCLC tumors may result in cavitory lesions, yet appears as empty bubbles by CT scan and are still measured and compared with baseline. Therefore, changes in lesion size or ORR based on CT scan may underestimate the true clinical benefit of 707 in NSCLC.

- 3SBio will publish Phase II clinical data of 707 combined with chemotherapy for 1L mCRC in a poster at the ESMO Congress in October. Given Pfizer's confidence on 707 and its aggressive develop plan for 707 in multiple indications, we have raised our risk-adjusted overseas sales forecast for 707 to US\$5.6bn.

- Valuation:** We derive our target price of HK\$37.67 based on an 11-year DCF model (WACC: 9.99%, terminal growth rate: 3.0%) .

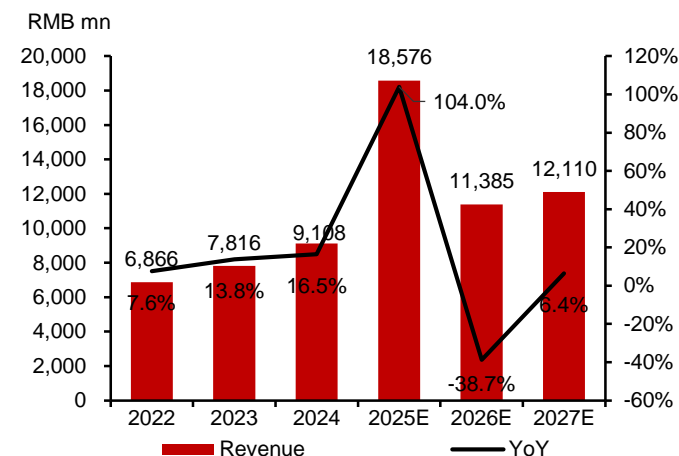
Link to latest report: [三生制药 \(1530 HK\) - 辉瑞宣布快速推进707全球临床, 拓展联用潜力](#)

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
Attri. net profit (RMB mn)	9,325	3,000	3,119
YoY growth (%)	346.1	(67.8)	4.0
EPS (RMB)	3.84	1.23	1.28
P/E (x)	7.2	22.2	21.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

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

Rating: BUY | TP: HK\$65.1 (12% upside)

Analyst: Nika Ma

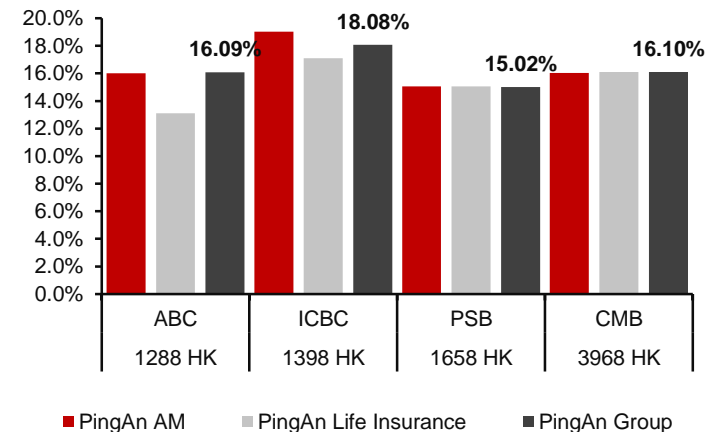
- Investment Thesis:** The insurer will announce 1H25 results on 27 Aug. We expect NBV to rise in mid-teens as a result of margin recovery in FY25E, with improved breakeven yields of in-force and new business to less than 2.5%/2.2%, benefiting from a pivot shifting towards participating (PAR) products (1Q25: >30% of new sales) and the extension of regulatory commission rate controls to the agency channel. OPAT of three key segments could stabilize over the long run supported by continued de-risking efforts on investment portfolios. The increase in market capitalization of H-share banks YTD 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. As of Aug 15, the Group's position in ICBC (1398 HK)/ ABC (1288 HK)/CMB (3968 HK)/PSB (1658 HK) amounted to 18.08%/16.09%/ 15.02%/16.10%, with the share prices rallying 16%/16%/28%/21% in 1-7M25. The increasing exposure to the H-share banks fits the Group's selective high yield strategy, and complies with the internal limit for industry concentration. We remain upbeat on the rise of H-share banks to boost the insurer's OPAT and NAV.
- Valuation/Risks:** 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.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	163,433	160,211	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: Ping An 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

Analyst: Nika Ma

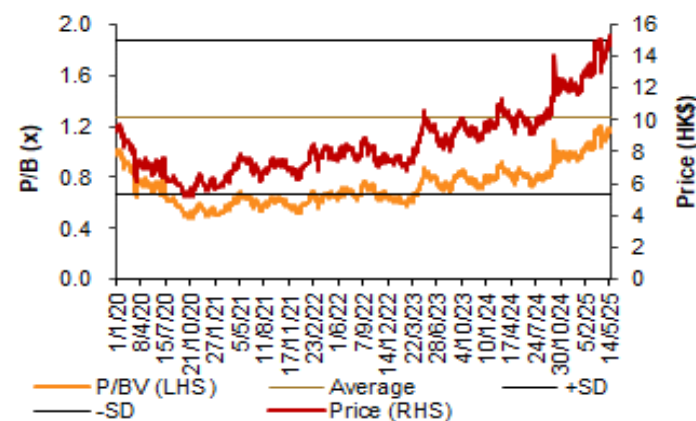
- **Investment Thesis:** The insurer will announce 1H25 results on Aug 28th (Thu). We think PICC P&C could achieve the bullish guidance of auto/non-auto CoR to be less than 96%/99% in FY25E, with our projected CoR on these two segments at 95.9%/99.0% by year-end. We believe the improved underwriting profits could largely offset potential fair value losses on investments, and shore up bottom-line growth by 12% YoY, benefiting dividend distribution.
- **Key forecasts:** We expect auto premium growth to be driven by the rise of new vehicles sales and higher penetration of NEVs, with stabilized avg. ticket size. In April, we see auto premium rebound and rise by 4.5% YoY on an industry level, propelled by recovering 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 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 of 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 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) – Strong games and marketing businesses; AI drove business growth

Rating: BUY | **TP:** HK\$705 (19% 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 marketing, games and e-commerce services will bring incremental monetization opportunities and support GPM expansion; 2) games revenue to maintain solid growth in FY25E, backed by monetization revamp of key legacy titles and incremental contribution of new games; and 3) stepped-up AI investment will drive marketing and cloud business revenue growth.
- **Our View:** Tencent 2Q25 total revenue/non-IFRS operating income grew by 15%/18% YoY to RMB184.5/69.2bn, 3%/4% ahead of Bloomberg consensus estimate, driven by solid growth across business lines. Higher-margin games and marketing businesses continued to maintain strong momentum (+22% and 20% YoY respectively), driving quality growth and further GPM expansion (+3.6ppts YoY). We are positive on Tencent's short-term earnings visibility, supported by its strong competitive moat, and long-term opportunities in AI.
- **Catalysts:** 1) Stepped-up AI investment to drive marketing and cloud business revenue growth; 2) launch of Valorant Mobile on 19 Aug; 3) enhanced Video Account monetization supports better-than-expected revenue growth and GPM expansion; 4) solid performance of legacy and new titles to drive stronger-than-expected game revenue growth.
- **Valuation:** Our SOTP-derived TP is HK\$705.0, comprising HK\$310.5/53.2/125.8/95.6/28.2 for games/SNS/ads/Fintech/cloud business and HK\$7.6/83.8 for net cash/strategic investments.

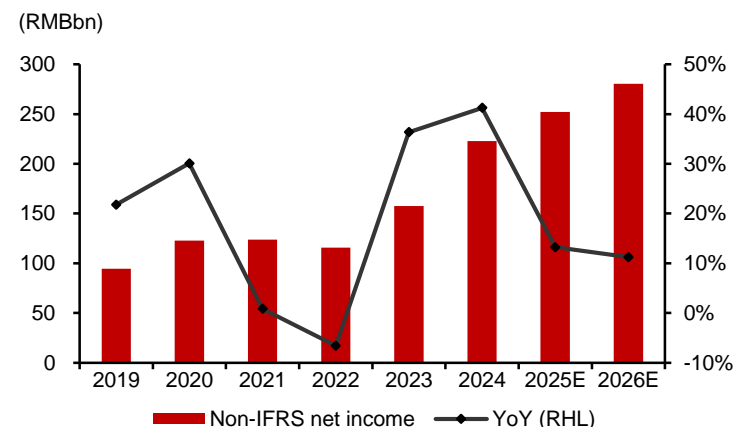
Link to latest report: [Tencent \(700 HK\) - 2Q25 results: strong games and marketing businesses; AI drove business growth](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	660,257	736,804	799,560	853,801
Gross margin (%)	52.9	56.4	56.7	55.9
Adj. net profit (RMB mn)	222,703	252,172	280,505	300,422.5
EPS (Adjusted) (RMB)	23.96	27.17	30.68	33.36
Consensus EPS (RMB)	23.96	27.02	30.35	33.72
Non-GAAP P/E (x)	22.2	19.6	17.6	16.0

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 (16% 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 increased 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 likely will lead to 16%/45% YoY decline in group-level adj. EBITA, and ROI related operating data such as user retention and stickiness, cross-selling rate are key 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 fluctuations.
- **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 updates regarding fintech business investees.
- **Valuation:** SOTP-based valuation of US\$141.2, which translates into 14x FY27E PE.

Link to latest report: [Alibaba \(BABA US\) – Escalated investment in instant commerce 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\$m)									141.2	
# 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 (12% 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 (TCOM) 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 (WACC: 10.5%, terminal growth: 2%), which translates into 20x FY25E PE.

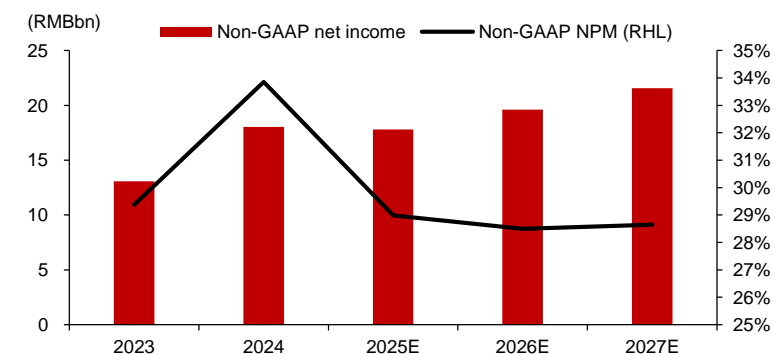
Link to latest report: [Trip.com Group \(TCOM US\) – Resilient revenue growth with investment on track for overseas expansion](#)

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 (18% 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, 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)	27.8	24.9	20.8	17.4
P/B (x)	2.6	2.5	2.4	2.3
Yield (%)	1.9	2.9	3.4	4.0
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) – Strong earnings backed by IoT/EV momentum and solid smartphone

Rating: BUY | **TP:** HK\$66.00 (23% 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 stay positive on 1) Smartphone: global share gains to continue, premiumization strategy, and new retail strategy expansion. Overall, we expect Xiaomi's shipments to grow 5%/7%/5% YoY to 178mn/190mn/200mn units in FY25- 27E; 2) IoT: China subsidy, home appliances and overseas expansion; and 3) Smart EV: strong backlog with ASP/GPM upside and improving profitability. For FY25E, we remain positive on EV shipments of 396k units (vs guidance 350k), backed by strong YU7 orders and rapid capacity growth. Overall, we expect Xiaomi's adj. net profit to grow 62%/26% 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\$66.0 implies 34.4x FY25E P/E. Our valuation method reflects Xiaomi's business diversification with different growth profiles and visibility.

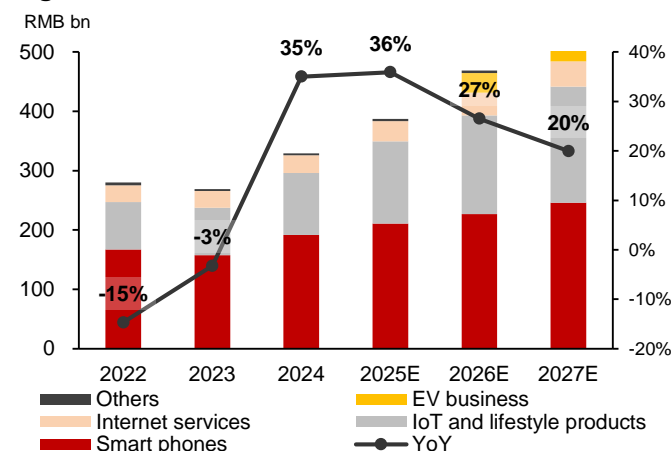
Link to latest report: [Xiaomi \(1810 HK\) - 2Q25 Preview: expect strong earnings backed by IoT/EV momentum and solid smartphone](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	365,903	497,316	629,135	754,638
YoY growth (%)	35.0	35.9	26.5	19.9
Net profit (RMB mn)	27,235	44,037	55,258	68,389
YoY growth (%)	41.7	60.8	25.5	23.8
EPS (RMB)	1.10	1.76	2.21	2.74
Consensus EPS (RMB)	N/A	1.77	2.33	2.87
P/E (x)	44.7	27.8	22.1	17.9
P/B (x)	7.6	5.3	4.4	3.6
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	14.4	16.0	16.8	17.3
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\$63.54 (28% 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) Acoustics/automotive PSS: Android master-SLS/combo speaker upgrade, AI glasses orders and domestic client wins in auto acoustics; 2) Electromagnetic drive: haptics spec upgrade and new product ramp-up; 3) Precision mechanics: Android foldable phone casing, VC in AI phones and hinge order wins; 4) Optics: share gains and spec upgrade in handset lenses (7P/WLG) and HCMs (OIS/periscope) .
- **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 product launches (AI/foldable/ultra-thin phones/AI glasses), robotics orders and optics margin expansion.
- **Valuation:** Our SOTP-based TP of HK\$63.54 implies 25.3x FY25E P/E.

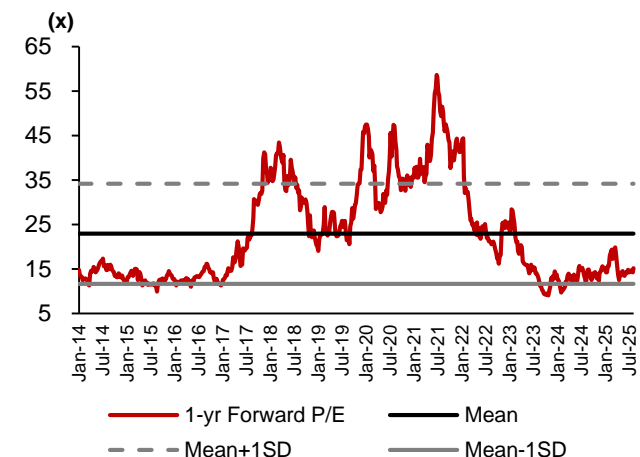
Link to latest report: [AAC Tech \(2018 HK\) - 1H25 preview: structural upgrade cycle across multiple segments](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	27,328	32,645	36,599	39,638
YoY growth (%)	33.8	19.5	12.1	8.3
Net profit(RMB mn)	1,797	2,683	3,218	3,611
EPS (RMB)	1.53	2.29	2.74	3.08
YoY growth (%)	143.8	49.2	19.9	12.2
Consensus EPS (RMB)	N/A	2.23	2.65	3.07
P/E (x)	27.6	18.5	15.4	13.7
P/B (x)	2.1	2.0	1.8	1.6
Yield (%)	0.6	1.0	1.2	1.4
ROE (%)	7.8	10.6	11.6	11.8
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, rapid auto ramp-up and AI server biz expansion

Rating: BUY | TP: HK\$43.22 (8% upside)

Analysts: Alex Ng/ Hanqing Li

- **Investment Thesis:** BYDE is a global leader in platform-based high-end manufacturing, focusing on smartphones/notebooks, 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:** 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 the 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 products, 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 dollar 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.
- **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.

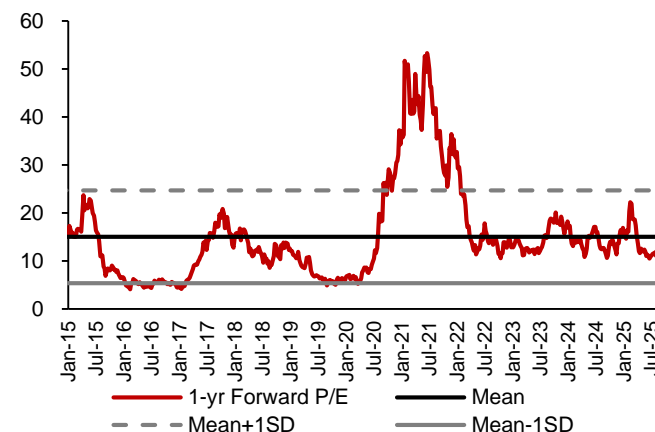
Link to latest report: [BYDE \(285 HK\) - Takeaways from mgmt. visit: Apple order win, auto rapid ramp-up and AI server biz expansion](#)

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)	19.6	15.3	12.4	9.7
P/B (x)	3.1	2.8	2.5	2.2
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 (21% 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 holds 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 peer averages, 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.
- Valuation:** Our TP is HK\$8.9, based on 21.5x 2030E P/E.
- Risks:** 1) Unfavorable gov’t policies regarding vehicle autonomy, 2) slower-than-expected R&D, and 3) supply chain uncertainties.

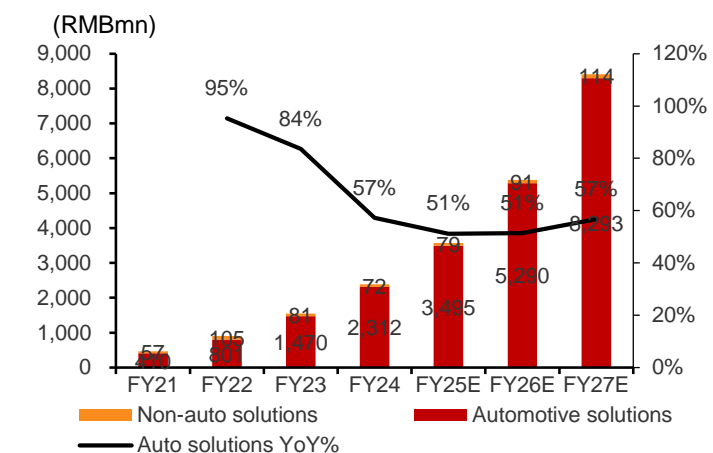
Link to relevant report: [Semiconductors - China’s ADAS/AD players are set to gain ground at accelerated pace](#)

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)	2,347	(2,216)	(1,398)	336
EPS (Reported) (RMB)	(2.50)	0.51	(0.17)	(0.11)	0.03
P/S (x)	47.5	30.9	20.6	13.7	8.8
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

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

Rating: BUY | **TP:** RMB176 (39% upside)

Analysts: Lily Yang/ Kevin Zhang

- **Investment Thesis:** We believe OmniVision 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 management 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 OmniVision'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:

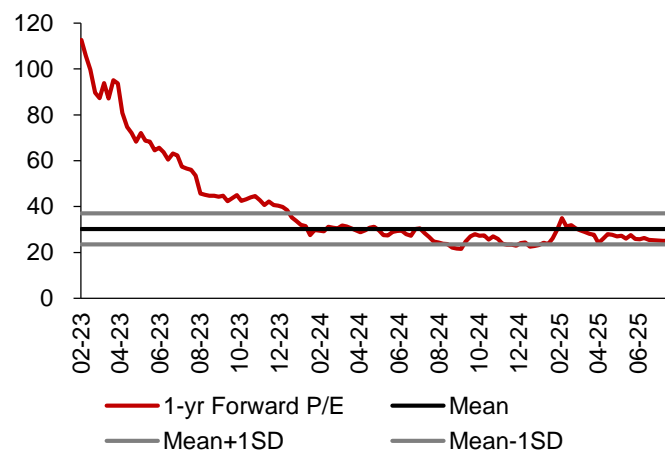
1. [OmniVision \(603501 CH\) - Solid 1Q25 earnings driven by robust auto momentum; Maintain BUY](#)
2. [OmniVision \(603501 CH\) - True beneficiary of accelerating domestic AI innovation & autonomous driving penetration](#)
3. [OmniVision \(603501 CH\) - 3Q results in line with gradual recovery](#)

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)	256.5	43.5	28.4	19.8	15.3

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 (48% 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:

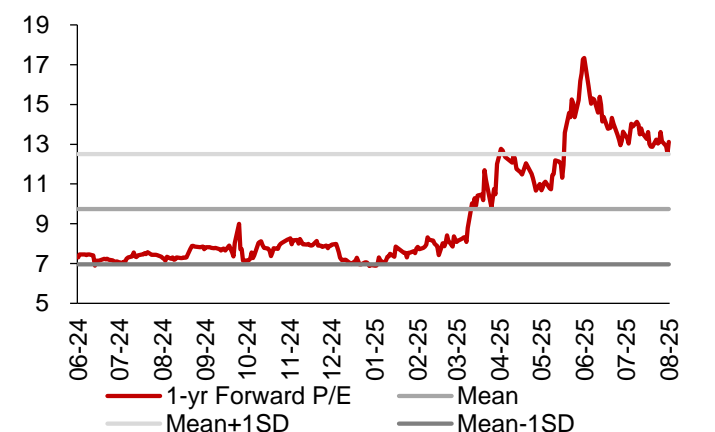
1. [BaTeLab \(2149 HK\) - Analog IC gem with sustained growth potential ahead](#)
2. [BaTeLab \(2149 HK\) - Potential EDA restrictions not to impede growth](#)
3. [BaTeLab \(2149 HK\) - Private placement completed, now eyes on execution](#)
4. [BaTeLab \(2149 HK\) - Record-high FY24 NPM of 28.8% underpins 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)	21.0	18.3	14.6	11.3	8.9

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 (9% 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 estimates). 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 attributed 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.
- **Valuation:** Maintain BUY, with TP at RMB379.26, based on 36x FY25E P/E.
- **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:

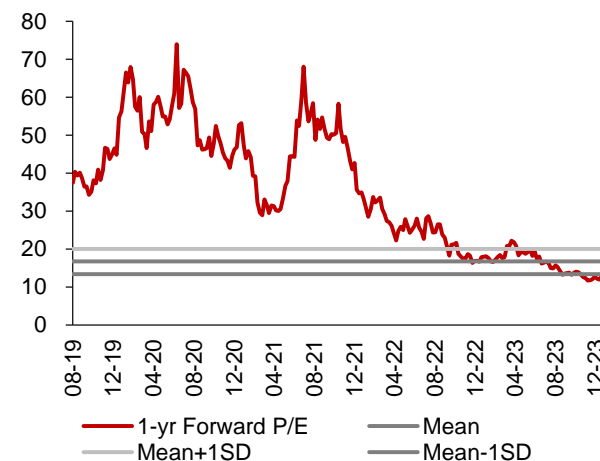
1. [Naura Technology \(002371 CH\) - Solid FY24 earnings amid accelerated semi supply chain domestication](#)
2. [Naura Technology \(002371 CH\) - Solid Q3 earnings signal intact growth trajectory](#)

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
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)	5.45	7.83	10.30	13.19	17.01
P/E (x)	60.9	42.4	32.3	25.2	19.5

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 (60% 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),

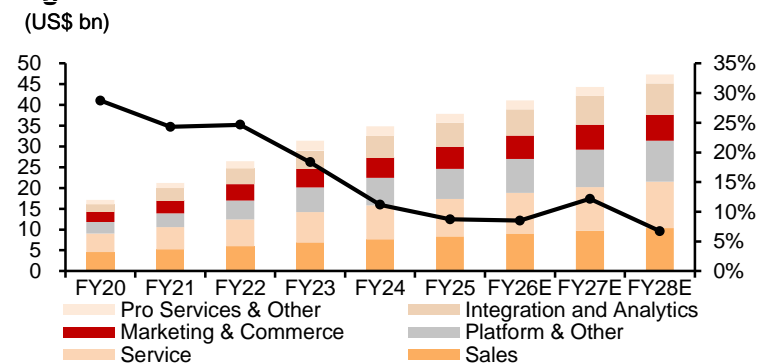
Link to latest report: [Salesforce \(CRM US\) – 1QFY26 cRPO growth beats expectation; Data Cloud & AI momentum continues](#)

Financials and Valuations

(YE 31 Jan)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	34,857	37,895	41,116	46,123	49,228
Adjusted NP (US\$ mn)	8,087	9,930	10,973	12,731	14,071
YoY growth (%)	54.8	22.8	10.5	16.0	10.5
EPS (Adjusted) (US\$)	8.30	10.32	11.30	13.11	14.49
Consensus EPS (US\$)	8.30	10.32	11.16	12.51	14.51
P/E (x)	31.1	25.0	22.8	19.7	17.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Salesforce: revenue and YoY



Source: Company data, CMBIGM estimates

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NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months

MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months

UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

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