CMB INTERNATIONAL

CMBI Research Focus List

Our best high conviction ideas

16 Sep 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	24.0	168.2	18.4	25.00	36%	10.50	9.90	2.00	19.9	1.8%	Shi Ji/ Wenjing Dou/ Austin Liang
Leapmotor	9863 HK	Auto	BUY	11.0	64.1	61.0	80.00	31%	N/A	N/A	N/A	N/A	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
Zoomlion	1157 HK	Capital Goods	BUY	8.5	7.7	6.6	7.40	12%	13.80	11.60	0.90	6.20	5.1%	Wayne Fung
SANY International	631 HK	Capital Goods	BUY	2.9	9.1	7.1	8.90	26%	18.40	8.80	1.70	15.5	4.3%	Wayne Fung
Green Tea	6831 HK	Consumer Discretionary	BUY	0.6	2.4	7.1	10.74	51%	10.00	8.40	4.50	59.1	5.2%	Walter Woo
Guoquan Food	2517 HK	Consumer Discretionary	BUY	1.1	16.9	3.3	4.80	47%	36.80	20.70	2.60	7.4	2.4%	Walter Woo
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	11.0	70.7	38.7	44.95	16%	30.70	21.50	6.90	25.8	0.0%	Walter Woo
Proya	603605 CH	Consumer Staples	BUY	4.5	72.9	81.7	129.83	59%	18.70	17.60	4.90	28.9	2.1%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	3.5	17.9	11.2	12.85	15%	13.10	17.90	1.80	18.0	4.7%	Miao Zhang
BeOne	ONC US	Healthcare	BUY	40.7	114.6	324.3	359.47	11%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
3Sbio	1530 HK	Healthcare	BUY	9.9	188.8	32.5	37.58	15%	N/A	7.20	N/A	N/A	N/A	Jill Wu/ Cathy Wang
Ping An	2318 HK	Insurance	BUY	138.0	360.3	57.1	71.00	24%	N/A	N/A	1.00	13.9	5.1%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	52.9	57.0	18.8	21.60	15%	N/A	N/A	1.46	13.0	3.2%	Nika Ma
Tencent	700 HK	Internet	BUY	758.0	1330.1	643.5	705.00	10%	21.80	19.30	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	369.7	2066.3	155.1	158.80	2%	N/A	17.50	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu
Trip.com	TCOM US	Internet	BUY	48.3	191.0	73.9	76.00	3%	18.00	10.50	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao LU
Greentown Service	2869 HK	Property	BUY	2.0	3.7	5.0	6.61	32%	18.20	16.40	2.10	10.3	4.1%	Miao Zhang
Xiaomi	1810 HK	Technology	BUY	188.1	969.1	55.2	62.96	14%	47.10	30.00	8.00	14.4	N/A	Alex Ng/ Hanqing Li
AAC Tech	2018 HK	Technology	BUY	6.5	38.4	43.8	60.55	38%	26.00	18.30	2.00	7.8	0.6%	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	12.0	131.6	42.5	47.37	11%	19.90	16.90	3.20	13.2	1.4%	Alex Ng/ Hanqing Li
Horizon Robotics	9660 HK	Semi	BUY	18.3	228.6	10.2	12.30	20%	N/A	N/A	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
OmniVision	603501 CH	Semi	BUY	23.5	365.8	136.0	173.00	27%	52.40	42.10	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
BaTeLab	2149 HK	Semi	BUY	0.4	1.8	54.8	93.00	70%	20.10	17.40	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	38.5	398.5	377.0	460.00	22%	48.50	37.60	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Salesforce	CRM US	Software & IT services	BUY	231.1	2129.4	242.8	388.00	60%	29.50	23.80	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao

Source: Bloomberg, CMBIGM. Data as of 16/9/2025 2:00 p.m.

招銀国际 CMB INTERNATIONAL

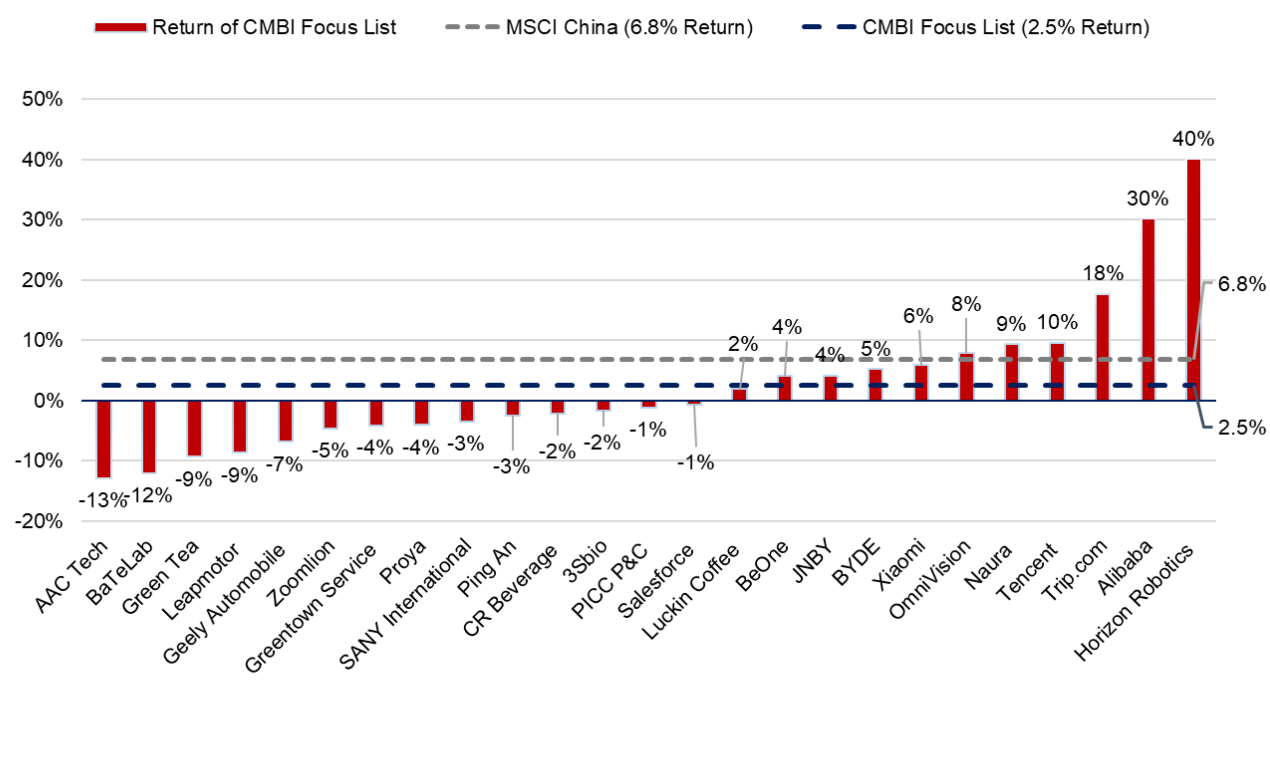
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Guoquan Food	2517 HK	Consumer Discretionary	BUY	Walter Woo	Thanks to its unique business model and series of reforms starting from 2H24, we believe SSSG in 2H25E may gradually accelerate and may result in better-than-expected operating leverage. Further re-rating is also possible in this case.
Deletions					
JNBY	3306 HK	Consumer Discretionary	BUY	Walter Woo	Even though recent retail sales trend has improved and FY26E guidance should be achievable, the rising inventory level and relatively slow net profit growth in FY26E, plus the recent climb in valuation might limit the further upside.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 18 Aug 2025, we highlighted a list of 25 long ideas.
- The basket (equal weighted) of these 25 stocks underperformed MSCI China index by 4.3 ppts, delivering 2.5% return (vs MSCI China 6.8%).
- 10 out of the 25 stocks outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 18 Aug 2025 to 15 Sep 2025

Long Ideas

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

Rating: BUY **|** TP: HK$25.00 (36% upside) Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We expect Geely's 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 maintain our FY25-26E net profit estimates of RMB17.7bn/18.6bn, respectively. Core earnings (excluding FX and gains from subsidiary disposals) could rise 61%/27% YoY to RMB14.7bn/18.6bn in FY25/26E, 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 maintain our FY25E sales volume forecast of 3.02mn units.
- **FY25-26E outlook.** We expect 2H25E GPM to rise 0.6ppts YoY to 17.0%, as its cost reduction efforts, especially from the integration synergies, appear to beat our prior expectation. We project core net profit (excluding FX gains) to surge 49% HoH from RMB5.7bn in 1H25 (RMB4,000 per vehicle) to RMB8.4bn in 2H25E (RMB5,200 per vehicle). We expect Geely's total sales volume to rise 8% YoY to 3.26mn units in FY26E with market share gains. Core net profit could further increase 27% YoY to RMB18.6bn in FY26E amid improving synergies after Zeekr's privatization.
- **Valuation/Key risks**. We maintain our BUY rating with target price of HK$25.00, based on 13x FY26E 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.

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

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

Leapmotor (9863 HK) – Sustainable profit ahead on strong sales momentum

Rating: BUY **| TP:** HK$80.00 (31% upside)

Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We expect its strong sales momentum to continue throughout FY26E, aided by new models rollout and overseas production. The *B01* sedan could be well received given management's 3Q25 sales volume guidance. The success of the *C16* also gives us more confidence in its upcoming D-series models. We raise our FY25-26E net profit forecasts by 220%/129% to RMB927mn/3.3bn, respectively, amid greater economies of scale and more meaningful contribution from high-margin other revenue.
- **Strong sales momentum throughout FY26E.** Management's guidance of 170,000-180,000 units in 3Q25, or a monthly volume of 60,000-65,000 units in Aug-Sep, was stronger than our prior expectation. We raise our FY25E sales volume forecast by 50,000 units to 0.6mn units, following such strong sales momentum. The new D-series SUV is scheduled to debut in Oct 2025 and start deliveries in 1Q26, which is earlier than we had expected. We project its strong sales volume growth to continue in FY26E with our new forecast of 0.9mn units (+50% YoY), as overseas sales volume could also double YoY in FY26E with local production in Malaysia and Europe.
- **Sustainable profit to start from FY25E.** We raise our FY25E GPM forecast by 1.6ppts to 14.5%, following the beat in 2Q25. We believe greater economies of scale and more meaningful high-margin other income (CO_2 credits and income from strategic cooperation with other automakers) could continue to drive GPM higher in 2H25E and FY26E. We revise up our FY25E net profit forecast by 220% to RMB927mn. We also project FY26E net profit to surge 257% YoY to RMB3.3bn in FY26E.
- **Valuation/Key risks.** We maintain our BUY rating with target price of HK$80.00, based on 1.1x our FY26E P/S (prior 1.5x FY25E P/S). Our target price also corresponds to a 30x FY26E P/E and 22x FY27E P/E. We are of the view that such target P/Es are justified given its high growth potential. Key risks include lower sales volume/gross margin than we expect, as well as a sector de-rating.

Link to latest report: Leapmotor (9863 HK) - Sustainable profit ahead on strong sales momentum

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	16,747	32,164	63,246	92,937
YoY growth (%)	35.2	92.1	96.6	46.9
Gross margin (%)	0.5	8.4	14.5	14.7
Net profit (RMB mn)	(4,216.3)	(2,820.8)	926.8	3,310.3
YoY growth (%)	N/A	N/A	N/A	257.2
P/S (x)	5.0	2.6	1.3	0.9
P/E (x)	N/A	N/A	90.6	26.9

Source: Company data, Bloomberg, CMBIGM estimates

Zoomlion (1157 HK) – Emerging market growth still intact

Rating: BUY | **TP:** HK$7.4 (12% 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 net profit dropped 1% YoY in 2Q25 as the strong 14% overseas growth (YoY) was offset by the 14% decline in China sales. That said, we expect the domestic market to gradually be stabilized, and expect overall growth to be resumed.

- **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 30% discount to our A-share TP (RMB9.9, 19.5x, equivalent to the five-year average historical P/E of 15x plus 1SD).

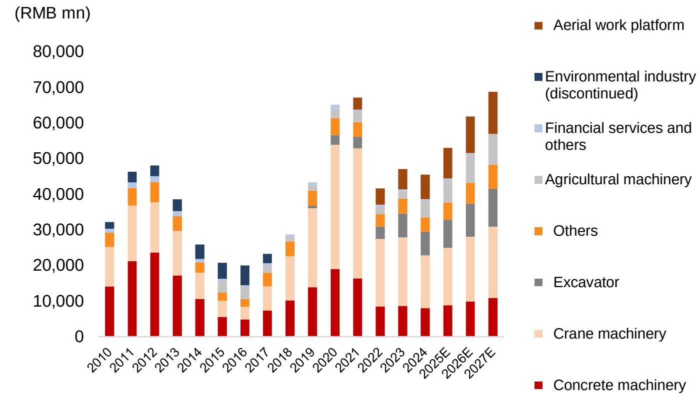
- **Link to latest report:** Capital Goods – Strong domestic sales and export of excavators in Jul

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)	11.3	9.2	8.0	7.2
P/E (x)	13.8	11.6	10.4	9.3
P/B (x)	0.9	0.9	0.8	0.8
Yield (%)	5.1	5.7	6.4	7.1
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$8.9 (26% upside)

Analyst: Wayne Fung

- **Investment Thesis:** SANYI has been expanding into new business segments, including lithium battery, intelligent coal mining, hydrogen and solar segment. Besides, the expansion of overseas mining trucks will help SANYI further reduce the cyclical nature from the traditional coal mining equipment in the domestic market.

- **Our View:** We expect SANYI to return to a growth trajectory in 2025E, driven by strong growth of large-size port equipment and improvement in overseas mining trucks in 2H25E, which will offset the relatively weak sales of combined coal mining units (CCMUs) and road headers domestically. Besides, the emerging business segments (mainly lithium battery) and recovery of oil & gas equipment will serve as new growth drivers.

- **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) improvement of coal mining capex; (2) better-than-expected oversea sales in 2H25E.

- **Valuation:** Our TP of HK$8.9 is based on 11x 2025E P/E, equivalent to the average since 2017. We see the current valuation of ~9x as attractive entry point, given the improving earnings visibility.

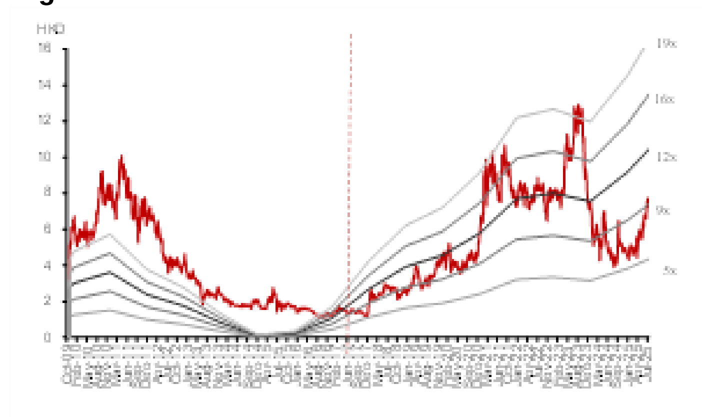
- **Link to latest report:** SANY International (361 HK) - 2Q25E profit in-line; Raise earnings forecast on new business growth & expense control

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	21,910	25,576	29,971	34,442
YoY growth (%)	8.0	16.7	17.2	14.9
Core net income (RMB mn)	1,850	2,290	2,910	3,385
Core EPS (RMB)	0.58	0.72	0.91	1.06
YoY growth (%)	(4.6)	23.8	27.1	16.3
Consensus EPS (RMB)	N/A	0.70	0.87	1.10
EV/EBIDTA (x)	9.6	5.4	4.4	3.9
P/E (x)	18.4	8.8	6.9	5.9
P/B (x)	1.7	1.5	1.3	1.1
Yield (%)	4.3	4.6	5.8	6.7
ROE (%)	15.5	17.7	19.9	20.2
Net gearing (%)	17.5	15.0	8.8	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: SANYI's P/E band



Source: Company data, CMBIGM estimates

Green Tea (6831 HK) – Solid SSSG and margin trend will likely sustain

Rating: BUY **| TP:** HK$10.74 (51% 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, generating 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:** We are still confident about sales growth and margin improvement in 2H25E. Drivers include: 1) robust delivery sales orders, 2) more new and innovative product launches, 3) continual benefits from the profit sharing incentive schemes, 4) faster overseas expansion and 5) launch of more new brands in mainland China and overseas. Margin improvements in 2H25E are aided by: 1) decent GP margin expansion, 2) continual improvement in rental expenses, 3) D&A expenses contractions, 4) economies of scale, and 5) higher sales mix from smaller sized stores.

- **Why 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 2% lower/ 1% higher/ 6% higher vs street as we are more confident on SSSG turnaround and more on margins expansion in the later years.

- **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$10.74 based on a 13x FY25E adj. P/E. We believe downside is protected by its recent turnaround and attractive yield. The stock is trading at ~8x FY25E P/E and 6% FY25E yield.

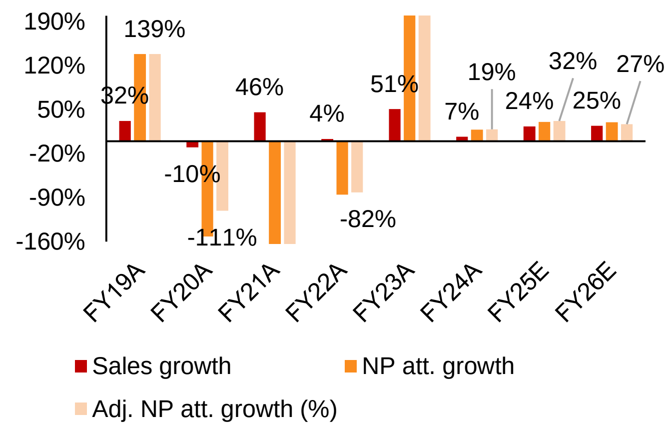
Link to latest report: Green Tea Group (6831 HK) - Solid SSSG and margin trend will likely sustain

Financials and Valuations

(YE 30 Jun)	FY24A	FY25E	FY26E	FY27E
Sales (RMB mn)	3,838	4,748	5,919	7,411
YoY change (%)	6.9	23.7	24.7	25.2
Adj. Net profit (RMB mn)	360.9	477.1	607.9	793.9
EPS - Fully diluted (RMB)	0.650	0.776	0.903	1.179
YoY change (%)	15.1	19.5	16.3	30.6
Consensus EPS (RMB)	N/A	0.713	0.880	1.110
P/E (x)	10.0	8.4	7.1	5.3
P/B (x)	4.5	4.0	3.0	2.2
Yield (%)	5.2	5.9	7.0	9.4
ROE (%)	59.1	50.3	48.8	48.4
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

Guoquan Food (2517 HK) – A national at-home food expert to innovate at all fronts

Rating: BUY | **TP:** HK$4.80 (47% upside)

Analyst: Walter Woo

- **Investment Thesis:** Guoquan achieved retail sales of RMB11.1bn with 3% market share in 2022. The company offers a diversified product portfolio that spans eight major categories (hotpot, barbecue, beverages, single-serve meals, ready-to-cook meal kits, fresh food, Western cuisines, and snacks). Such a great variety can cater for diverse dining scenarios. In 2024, it has generated about RMB 6.5bn in sales, and RMB 230mn in profit with 10,150 stores in China.

- **Our View:** There are many growth drivers including: 1) blockbuster products strategy and channel expansion, 2) product category expansion and store revamp to tap into and serve many new types of demand, 3) reforming the membership programme to boost purchasing frequency, and 4) better training for store managers, in order to better serve and retain customers, etc.. Margin-wise, we can also see certain upside (net profit margin to be 6.4% by FY27E), thanks to: 1) a better product mix, 2) improvements in supply chain efficiency, 3) potential increases in self-production mix, 4) economies of scales and 5) operating leverage, etc..

- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 4%/ 4%/ 2% higher than consensus while our net profit forecasts are 4%/ 7%/ 11% higher than street as we are more optimistic both on its SSSG, store openings and 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$4.80 based on a 23x FY26E P/E. We think a premium is justified due to: 1) its vertically integrated business model, 2) massive store network, 3) strong brand equity (in both products and channels). The stock is trading at ~16x FY26E P/E.

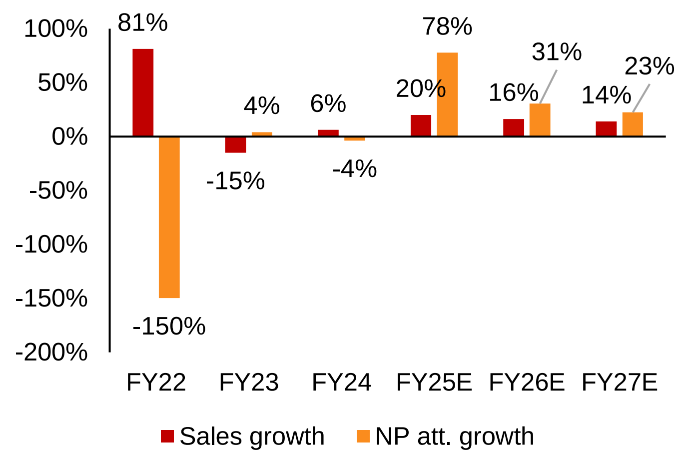
Link to latest report: Guoquan Food (2517 HK) - A national at-home food expert to innovate at all fronts

Financials and Valuations

(YE 30 Jun)	FY24A	FY25E	FY26E	FY27E
Sales (RMB mn)	6,470	7,764	9,036	10,301
YoY change (%)	6.2	20.0	16.4	14.0
Adj. Net profit (RMB mn)	231	410	535	657
EPS - Fully diluted (RMB)	0.084	0.149	0.194	0.238
YoY change (%)	(8.4)	77.4	30.6	22.7
Consensus EPS (RMB)	N/A	1.740	1.800	1.910
P/E (x)	36.8	20.7	15.9	12.9
P/B (x)	2.6	2.4	2.3	2.17
Yield (%)	2.4	4.1	5.4	6.6
ROE (%)	7.4	12.1	15.0	17.3
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) – Sales are booming but costs are also rising

Rating: BUY | **TP:** US$44.95 (16% upside)

Analyst: Walter Woo

- **Investment Thesis:** As the largest and fastest-growing coffee brand in China, Luckin Coffee 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 include: 1) rapid store opening, 2) rise in ASP and new product launches, 3) further adoption of freshly made coffee and 4) higher purchase frequency from the young/ wealthy/ people 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. Based on our channel check, retail SSS trend in Aug 2025 is still extremely strong. Even though surge in delivery expenses may continue and some subsidies may be provided to the franchisees, OP margin in 2H25E may experience some pressure, our current forecasts, 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 22x FY25E P/E vs 25% sales CAGR during FY24-27E).

- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 3%/ 4%/ 5% higher vs street but net profit forecasts are 4% higher / 1% lower/ 1% higher as we are confident on sales growth but slightly cautious on margins.

- **Catalysts:** Better-than-expected new products, store expansion, store efficiency and government stimulus.

- **Valuation:** We derive 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 22x FY25E P/E.

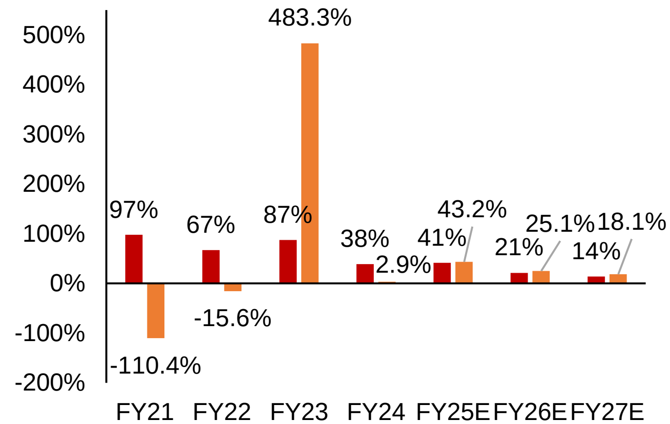
Link to latest report: Luckin Coffee (LKNCY US) - Sales are booming but costs are also rising

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	1.636	2.142	2.502
P/E (x)	30.7	21.5	17.3	14.7
P/B (x)	6.9	5.2	4.0	3.2
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) – 1H25 earnings saved by sub-brands; Maintain BUY

Rating: BUY | **TP:** RMB129.83 (59% upside)

Analysts: Miao Zhang

Proya delivered 1H25 revenue and attributable NP growth of +7.2% and +13.8% YoY respectively, missing BBG consensus by 3%/4% primarily driven by sustained momentum across sub-brands and continued pressure on core brand Proya. GP margin improvement was partly offset by heavier selling expenses on 618 promotion and sub-brands marketing. The company announced HK listing plan to accelerate overseas expansion. Our TP of RMB129.83 reflects lower earnings forecast, based on 30x 2025E P/E, Maintain BUY.

Sub-brands growth cushioned pressure of core brand. Rev. of core brand Proya dropped 0.1% YoY in 1H25 on a high base and fiercer competition. Sub-brands TIMAGE/OR/ INSBAHA sustained high growth with revenue up 21/102/80% YoY, with their combined revenue contribution lifted to 20.2% in 1H25, up 4.7ppts YoY. Looking forward, management has laid out a clear plan to enrich the product matrices across sub-brands: TIMAGE will iterate base-makeup technologies; OR will focus on anti-hair-loss solutions with aromatherapy concepts; and INSBAHA will deepen niche color cosmetics. International expansion is set to accelerate, with OR launches planned in Hong Kong and Japan and Hapsode rollout in Southeast Asia. The proposed HK listing should also provide capital and branding support to scale overseas and consolidate the company's multi-brand advantages.

7M25 sales largely in line with the industry. In 1H25, offline sales dropped 21.3% YoY while online sales grew steadily at 9.2% YoY (self-operated +4.2% / distribution +25.9%). Based on our tracked cosmetics database, Proya's GMV (covered Proya/Timage/OR) on Taobao & Douyin combined grew 4% YoY in 7M25, slightly slower than industry's 5%.

Cost savings outcome partly offset by rising marketing expenses. Gross margin expanded by 3.6ppt YoY to 73.4% in 1H25 thanks to cost control efforts such us shifting freebies from "mini" to "mid-size" to reduce packaging & unit marketing costs. SG&A ratio rose by 2.6ppt YoY given heavier 618 promotions cost and celebrity endorsements for sub-brands. With 2H marketing will likely remain elevated around 11.11 shopping festival, we expect the full-year selling expense ratio to trend higher.

Maintain BUY. We maintain our BUY rating, with TP of RMB 129.83, on 30x 2025E P/E. Risks: worse-than-expected consumption sentiment, intensifying competition, and raw material price hike etc.

Financials and Valuations

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E
Revenue (RMB mn)	8,905	10,778	11,402	12,158
YoY growth (%)	39.5	21.0	5.8	6.6
Net income (RMB mn)	1,193.9	1,552.0	1,717.7	1,822.3
EPS (RMB)	46.1	30.0	10.7	6.1
YoY growth (%)	3.01	3.92	4.34	4.60
Consensus EPS (RMB)	N/A	N/A	4.58	5.31
P/E (x)	26.9	20.7	18.7	17.6
P/B (x)	7.3	5.9	4.9	4.2
Div yield (%)	1.7	1.9	2.1	2.3
ROE (%)	30.3	31.7	28.9	26.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25 YoY	2Q25 QoQ
Revenue	**2,182**	**2,820**	**1,965**	**3,812**	**2,359**	**3,003**	**6.5%**	**27.3%**
Gross Profit	**1,530**	**1,962**	**1,766**	**2,437**	**1,717**	**2,217**	**13%**	**29%**
Selling expenses	1,022	1,318	892	1,929	1,077	1,582	20%	47%
Administrative expenses (exl.R&D)	97	80	96	93	99	78	-2%	-22%
Research and development expenses	47	48	48	68	43	52	9%	20%
Net profit	**303**	**399**	**298**	**553**	**390**	**408**	**2%**	**5%**
Gross Profit Margin	**70.1%**	**69.6%**	**89.9%**	**63.9%**	**72.8%**	**73.8%**	**4.3 ppt**	**1.1 ppt**
Selling expenses ratio	*46.8%*	*46.7%*	*45.4%*	*50.6%*	*45.6%*	*52.7%*	*6.0 ppt*	*7.1 ppt*
Administrative expenses ratio	*4.5%*	*2.8%*	*4.9%*	*2.4%*	*4.2%*	*2.6%*	*-0.2 ppt*	*-1.6 ppt*
R&D ratio	*2.2%*	*1.7%*	*2.4%*	*1.8%*	*1.8%*	*1.7%*	*0.0 ppt*	*-0.1 ppt*
Net Margin	**13.9%**	**14.1%**	**15.1%**	**14.5%**	**16.5%**	**13.6%**	**-0.5 ppt**	**-2.9 ppt**

Source: Company data, CMBIGM

CR Beverage (2460 HK) – 1H25 earnings under ST pressure, LT gains from capacity expansion and channel reform

Rating: BUY | **TP:** HK$12.85 (15% upside)

Analysts: Miao Zhang

The Company's 1H25 revenue/NP dropped 18.5/29% YoY, in line with the profit warning. The weakness was attributable to a 23% YoY decline in the water biz (hit by weak demand, fierce competition and channel reform) and moderated beverage growth (+21% YoY) driven by volume growth but price decline. We expect full-year revenue decline to narrow given low 2H24 base and positive sales in Jul-Aug.

Capacity expansion on track, payback period may extend. The Company is executing its capacity expansion plan as scheduled: Wuyishan large-size production line commenced operations in 1H25, with two factories to come online in 2H25. The 2025 target of 60% self-owned capacity remains unchanged. We previously calculated that a 10% higher self-owned capacity ratio could drive a 1.5-2ppt GP margin improvement (report), but this benefit was muted by soft sales in 1H25. We believe that as consumption sentiment recovers and capacity expansion is implemented on track, positive impacts will gradually emerge over a longer horizon.

Channel reform weighs on ST earnings, benefits to emerge post FY26. The Company has launched in-depth channel reforms, including: 1) flattening distribution channels in tier-1 cities from 4 to 3 levels; 2) adding over 100 distributors dedicated for beverage products; 3) setting specialized distributors for e-commerce, careering, and emerging channels; and 4) dedicated distributors for lower-tier markets (counties/towns/villages). These initiatives, scheduled for completion by FY26, will deliver compounded benefits alongside ongoing capacity expansion, in our view.

Maintain Buy. We slash our TP by 41% to HK$12.85 to reflect earnings **pressure**. The new TP is equivalent to 18x 2026E P/E, as we view 2026 as the year when the company's reform impacts gradually ease with operation shifting from transformation stage to a steady state. Risks: 1) greater-than-expected economic downturn; 2) slower-than-planned capacity expansion; 3) underwhelming channel reform results; 4) food safety incidents; 5) raw material price hikes, etc.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	13,515	13,521	11,460	12,417
YoY growth (%)	7.1	0.0	(15.2)	8.3
Net income (RMB mn)	1,329.3	1,636.7	1,201.9	1,400.0
EPS (RMB)	34.3	23.1	(26.6)	16.5
YoY growth (%)	0.66	0.79	0.58	0.68
Consensus EPS (RMB)	N/A	N/A	0.70	0.82
P/E (x)	15.6	13.1	17.9	15.4
P/B (x)	2.8	1.8	1.8	1.6
Div yield (%)	0.0	4.7	2.0	2.3
ROE (%)	21.3	18.0	10.5	11.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BeOne Medicines (ONC US) – Solid Q2 results, eyes on CDK4i readouts by year-end

Rating: BUY | **TP:** US$359.47 (11% upside)

Analysts: Jill Wu/ Andy Wang

- **Investment Thesis:** 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.
- **Our View:** 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.
- **Why do we differ vs consensus:** 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 atirmociclib. 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. We maintain our TP unchanged at US$359.47 (WACC: 9.64%, terminal growth rate: 3.0%).

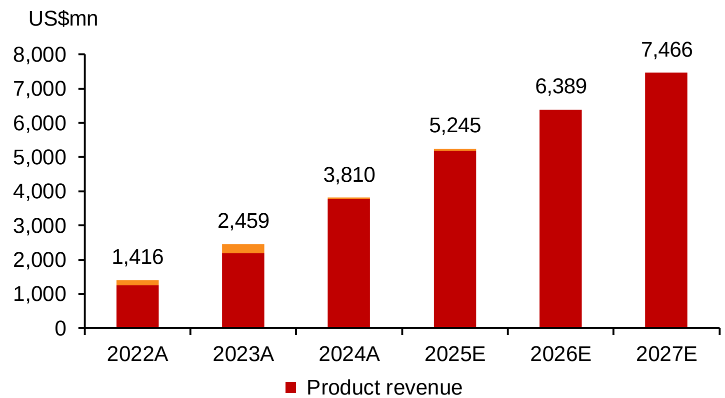
Link to latest report: BeOne Medicines (ONC US) - Solid Q2 results, eyes on CDK4i readouts by year-end

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) – The journey of globalization has just begun

Rating: BUY **| TP:** HK$37.58 (15% upside) Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** 3SBio's global (ex-China) license agreement with Pfizer (PFE US, NR) 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, amounted 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$150 million in option fees. We believe 707 (PD-1/VEGF) has the potential to become a global blockbuster. Pfizer is expected to aggressively advance 707's global clinical development, potentially initiating Phase 3 trials for 707 both as monotherapy and in combination with chemotherapy, in our view. Pfizer is also likely to explore combination regimens involving 707 and PDL1V (PD-L1 ADC), Padcev (Nectin-4 ADC), and SV (IB6 ADC). We believe the initiation of global trials for 707 could serve as a key catalyst for 3SBio's earnings upside.
- **Our View: (1) Expected Pfizer to accelerate global development of 707.** During its 2Q25 earnings call, Pfizer's mgmt indicated that they plan to announce global Ph3 development strategies for 707 later in 2025E, following the initiation of execution. Additionally, Pfizer is preparing to launch Phase 1 or 2 combination studies of 707 with its ADCs. Given Pfizer's strong clinical execution capabilities, we believe 707 has the potential to outpace competing assets in clinical development—particularly in colorectal cancer and in combination studies with ADCs. **(2) More innovative pipelines entering global development stage.** 1) 705 (PD-1/HER2) entered Ph2 in HER2+ solid tumor in China. 2) 706 (PD-1/PD-L1) has obtained IND clearance in China and the US, and initiated Ph2 trials in GI cancers and NSCLC in China. 3) SPGL008 (B7-H3 Ab/ IL-15 fusion protein) and SSS59 (MUC17/CD3/CD28) entered Ph1 in solid tumors in China, both featuring proprietary engineering to enhance efficacy and safety. We expect further clinical readouts across these pipelines. With differentiated MOA and leading global development timelines, these pipelines may offer meaningful out-licensing potential and reinforce 3SBio's global innovation strategy.
- **Why do we differ vs consensus:** 3SBio will publish Phase II clinical data of 707 combined with chemotherapy for 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 raised our risk-adjusted overseas sales forecast for 707 to US$7.1bn.
- **Valuation:** We derive our target price of HK$37.58 based on a 11-year DCF model (WACC: 9.77%, terminal growth rate: 3.0%) .

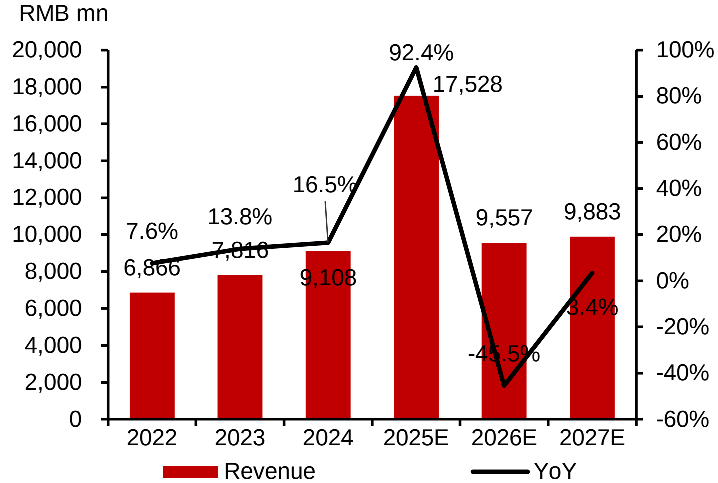
Link to latest report: 3SBio (1530 HK) - The journey of globalization has just begun

Financials and valuations

(YE 31 Dec)	FY25E	FY26E	FY27E
Revenue (RMB mn)	17,528	9,557	9,883
YoY growth (%)	92.4	(45.5)	3.4
Attri. net profit (RMB mn)	9,295	2,700	2,831
YoY growth (%)	319.2	(71.0)	4.9
EPS (RMB)	3.80	1.09	1.14
P/E (x)	7.2	25.2	24.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

Ping An (2318 HK) - Core OPAT to steadily rise with L&H OPAT near inflection point

Rating: BUY **| TP:** HK$71.0 (24% upside)

Analyst: Nika Ma

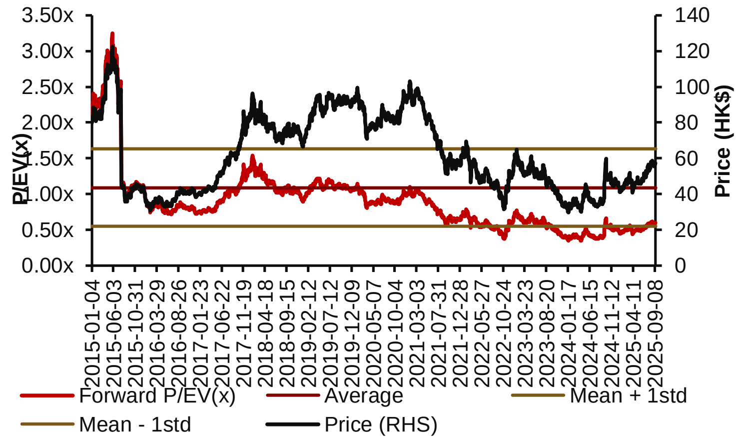
- **Investment Thesis:** We raise our full-year NBV growth to 26% on back of a stronger-than-expected 1H print supported with bancassurance outgrowth (+169% YoY, 27% mix). Potential catalysts in 2H25E include 1) a new round of the PIR cut starting in Sep; 2) extensive banca partnerships with large SOEs, joint-stock and city commercial banks, and 3) the Group-wide synergies for client acquisition. The breakeven yields of in-force and new business improved to less than 2.5%/2.2%, benefiting from a pivot shifting towards participating (PAR) products (1H25: 40% of total NBV), and the extension of regulatory commission rate controls to agency. OPAT of three key segments sequentially increased in 1H, up 4.9% YoY in 2Q25 (vs. 1Q25: +2.4%) given continued de-risking effort on the AM and Tech segments. Driven by successive layers of profitable new business, we expect CSM release to turn into positive growth in FY26E, which could enhance the uptrend of L&H OPAT.
- **NBV margin improvement to drive value growth:** Bancassurance/community finance underpinned NBV growth in 1H25, with each channel's NBV surged 1.7x YoY/43% YoY (agency:+17%). Bancassurance margin improved to 28.6%, up 9.7pct YoY with increased sales volumes 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) stringent expense controls extended to agency, and 2) PIR cut in Sep, with the guaranteed rate for traditional life products downgraded by 50bps to 2.0%; partially offset by a lower margin from increasing proportions to par products (1H25: 40% NBV mix).
- **Outperformance in H-share banks could advance NAV.** Ping An has enhanced its stock positions in SOE banks since the year-start, where the majority of stocks were assigned to FVOCI . As of Sep 15, the Goup's position in ICBC (1398 HK)/ ABC (1288 HK)/CMB (3968 HK)/PSB (1658 HK) amounted to 18.08%/18.07%/ 16.10%/16.06%, with the share prices rallying 11%/19%/20%/18% in 1-8M25. The increasing exposure to the H-share banks fits the Group's 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 net asset value (NAV).
- **Valuation/Risks:** The stock is trading at FY25E 0.6x FY25E P/EV, with avg. 3yr ROE at 13% and a yield of 5.3%. Our TP implies 0.8x FY25E P/EV at HK$71.0.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	126,607	124,495	134,091	143,418
EPS (RMB)	7.16	7.08	7.63	8.16
Consensus EPS (RMB)	N/A	7.01	7.68	8.31
P/EV (x)	0.7	0.6	0.6	0.5
P/B (x)	1.0	0.9	0.8	0.8
Dividend yield (%)	5.1	5.3	5.5	5.7
ROE (%)	13.9	12.5	12.2	12.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Ping An (2318 HK): share price and P/EV(x) valuation band



Source: Bloomberg, CMBIGM estimates

PICC P&C (2328 HK) – CoR guidance further enhanced; overseas expansion yields a second growth trajectory

Rating: BUY **| TP:** HK$21.6 (15% upside)

Analyst: Nika Ma

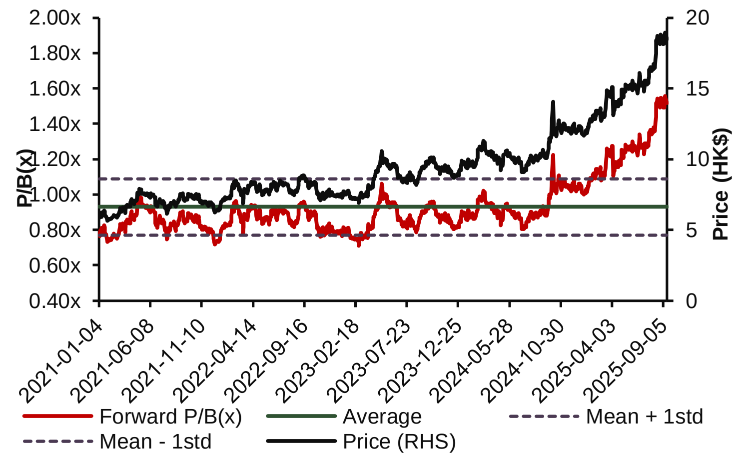
- **Investment Thesis:** PICC P&C beat in 1H earnings, with net profit lifting 32.3% YoY to RMB 24.5bn, translating to 4.1% rise in 2Q25, propelled by a double play of underwriting profit (+45%) and net investment results (+62%). CoR dropped 1.4pct YoY to 94.8%, with expense ratio down 3.1pct YoY to 23.0%, offset by the loss ratio ticking up 1.7pct YoY to 71.8%, outperforming major peers as Ping An/ CPIC/Sunshine/ZhongAn/TPI's CoR at 95.2%/96.3%/98.8%/95.6%/95.5%. We see auto/non-auto CoR improved by 2.2pct/0.1pct YoY to 94.2%/95.7% in 1H25, well met the guidance of CoR less than 96%/99% set by the mgmt. at the year-start. Net asset value jumped 7.9% from FY24, thanks to the climb of retained earnings (+24%) and reserves (+10%). ROE enhanced to 9.0% in 1H25, up by 1.3pct YoY. Key catalysts ahead may include 1) the *Integration of Reporting and Operations* for non-auto insurance business is expected to implement by 4Q25E, which could further edge up underwriting profitability; 2) auto insurance going overseas has been launched amid strong NEV export momentum.
- **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 1H25, CoR improved 1.4pct YoY to 94.8%, implying 2Q CoR at 95% (*CMBI estimate*). Loss/expense ratio was up 1.7pct/down 3.1pct YoY to 71.8%/ 23.0%. Auto/non-auto CoR was 94.2%/95.5%, down 2.2pct/0.1pct YoY, driven by effective expense controls partially offset by claims tick-up. **Auto:** expense ratio dropped 4.1pct YoY to 21.1%, a record low, indicating the insurer's strong bargaining power in pricing and cost efficiency. Claims ratio edged up 1.9pct YoY to 73.1%. **Non-auto:** claims/expense ratio was up 1.5pct/down 1.6pct to 69.8%/25.9%. The expense improvement (-1.6pct) was lower than that of auto insurance (-4.1pct) due to a higher mix of policy-oriented business. We revise down our FY25E CoR forecast to 97% (prev. 97.1%), with auto/non-auto CoR to 95.8%/99.0% (prev. 95.9%/99.0%).
- **TP of HK$21.6.** The stock is now trading at FY25E 1.4x P/B with 3yr avg. ROE at 14%, and a yield of 3.9%. Our new TP implies 1.6x FY25E 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)	32,161	37,325	40,750	45,246
EPS (RMB)	1.45	1.68	1.83	2.04
Consensus EPS (RMB)	N/A	1.67	1.79	1.95
Combined ratio (%)	98.8	97.0	96.5	95.9
P/B (x)	1.46	1.36	1.27	1.18
Dividend yield (%)	3.2	4.0	4.3	4.8
ROE (%)	13.0	13.8	14.1	14.6

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 (10% upside)

Analysts: Saiyi He/Wentao Lu/Frank Tao

- **Investment Thesis:** Tencent's competitive edge remains 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 growth to maintain solid growth in FY25E, 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 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) step-up of 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.

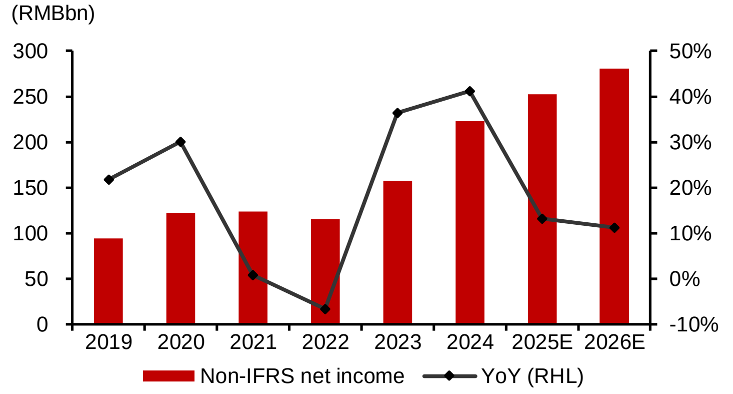
Link to latest report: Tencent (700 HK) - 2Q25 results: strong games and marketing businesses; AI drove business growth

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	609,015	660,257	736,804	799,560
Gross margin (%)	48.1	52.9	56.4	56.7
Adj. net profit (RMB mn)	157,688	222,703	252,172	280,505
EPS (Adjusted) (RMB)	16.66	23.96	27.17	30.68
Consensus EPS (RMB)	16.66	23.96	27.02	30.35
Non-GAAP P/E (x)	25.1	21.8	19.3	17.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Alibaba (BABA US) – Kicked off FY26 with solid progress on cloud and quick commerce

Rating: BUY **| TP:** US$158.8 (2% 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:** In 1QFY26 (March year-end) results: 1) cloud revenue accelerated faster than expectation (+26% YoY; AI related rev accounted for >20% of rev from external customers), and management expects the growth to accelerate further in the coming quarters, which both speak to strong cloud demand; 2) AIDC narrowed its loss to approach breakeven, came in faster than our previous expectation; and 3) the heavy investment in quick commerce (QC) delivered early-stage results (MAC of QC approached 300mn in Aug, contributing to 25/20% YoY increase in MAC/DAU of Taobao App), although the sustainability is still to be verified. Alibaba remains one of the key beneficiaries under the AI theme, and we suggest investors 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, which should propel an expansion in cloud valuation; and 3) positive update regarding fintech business investees.

- **Valuation:** Our SOTP based TP of US$158.8 translates into 16x FY27E PE.

- **Link to latest report**: Alibaba (BABA US) – Kicked off FY26 with solid progress on cloud and quick commerce

Financials and Valuations

(YE 31 Mar)	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	996,347	1,018,987	1,110,704	1,193,306
Adjusted net profit (RMB mn)	158,095.0	136,892.3	166,530.3	190,665.9
EPS (Adjusted) (RMB)	67.31	60.08	75.35	86.27
P/E (x)	17.5	16.6	14.3	12.3

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	$/share	Value split
1	Alibaba China E-commerce Group	10x FY28E P/E; 20% tax rate on adjusted EBITA; discounted back with 11% WACC		21,566	10.0		1,260,261	175,036	74.7	47%
2	International Digital Commerce Group	1.5x FY26E EV/S	21,828			1.5	235,745	32,742	14.0	9%
3	Cloud Intelligence Group	5.0x FY26E EV/S on revenue before intersegment elimination	20,902			5.0	752,481	104,511	44.6	28%
4	All others	0.95x FY26E EV/S	34,081			0.95	233,115	32,377	13.8	9%
	Total Alibaba business						**2,481,602**	**344,667**	**147.1**	
INVESTMENTS										
1	Ant Group	Last round share buy back valuation; 33% share holding					187,143	25,992	11.1	
2	Others	Market valuation					92,879	12,900	5.5	
	Total investment (with 30% holding discount)								**11.6**	7%
	Total (US$mn)								**158.8**	
	#s of diluted ADS (mn)								2,342	

Source: Company data, CMBIGM estimates

Trip.com (TCOM US) – 2Q results beat; resilient revenue and earnings growth to sustain

Rating: BUY **| TP:** US$76.0 (3% upside) Analysts: Saiyi He/Frank Tao/Wentao LU

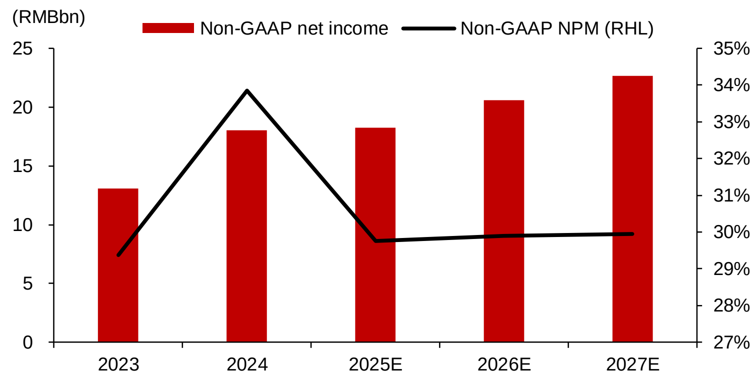
- **Investment Thesis:** 1) both domestic and outbound travel are seeing resilient volume growth, and Trip.com Group could sustain higher than industry average revenue growth driven by its strong customer services and supply chain capability, in our view; 2) we are constructive on Trip.com's global expansion 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 3Q25E 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 TP of US$76.0 translates into 21/19x 25/26E PE (non-GAAP).
- **Link to latest report**: Trip.com Group (TCOM US) – 2Q results beat; resilient revenue and earnings growth to sustain

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	53,377	61,524	68,969	75,675
YoY growth (%)	19.8	15.3	12.1	9.7
Net profit (RMB mn)	17,067.0	29,092.5	18,346.6	20,364.9
Adjusted net profit (RMB mn)	18,041.0	18,275.9	20,588.1	22,635.1
YoY growth (%)	38.0	1.3	12.7	9.9
EPS (Adjusted) (RMB)	25.84	25.71	28.97	31.85
P/E (x)	18.0	10.5	16.7	15.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: TCOM: non-GAAP net profit



Source: Company data, CMBIGM estimates

Greentown Service (2869 HK) – Solid growth driven by notable efficiency gains

Rating: BUY **| TP:** HK$6.61 (32% upside)

Analysts: Miao Zhang

- Greentown Service's 1H25 net profit (NP) rose 22.6% YoY and core operating profit (=GP-SG&A) lifted 25.3% YoY, far exceeding the 15% full-year guidance set by management earlier. During the period, revenue grew 6.1% YoY, with resilient core PM biz (+10.2% YoY) driven by strong third-party expansion (especially non-residential projects). Non-owner VAS flat grew 0.6% YoY, while owner VAS dipped 6% YoY on partial business deconsolidation. The company's efforts on optimizing project portfolio and improving efficiency led to decent margin improvement (GP/core OP margin +0.5/1.8 ppts YoY), and the trend is likely to sustain in the full year, in our view. Maintain BUY with TP of HK$6.61 (22x 2025E P/E) to reflect earnings upgrades and valuation adjustments. Target multiple was reduced from 25x to 22x to reflect industry headwinds.
- **Basic PM delivered solid growth with margin improvement**. Segment revenue increased 10% YoY, mainly driven by: 1) 11% YoY managed-GFA growth despite higher termination rate (1H25: 2.4% vs. 1H24: 1.6%); GFA of third-party projects up 12% YoY and non-residential projects up 16% YoY; 2) Avg. PM fee increased to RMB 3.21/sqm/month in 1H25 (vs. RMB3.20 in 1H24), benefiting from continuous pulling out of low-quality projects (avg. termination rate of 4% in 2023-24) and higher fee rates for newly contracted projects. These efforts brought 0.4 ppts YoY GP margin improvement in 1H25 despite industry-wide margin pressure. We believe these factors will partially offset the negative impacts from intensifying competition and PM fee caps, supporting margin outlook of the segment.
- **Improving efficiency yields strong results.** The company's ongoing efficiency initiatives delivered notable results in 1H25, with SG&A ratio declining 1.3ppts YoY to 7.9% (from 9.2% in 1H24). This drove 25.3% YoY growth in core OP and a 1.8ppt improvement in core OP margin to 11.6%. Despite heavy impairment of receivables (+34% YoY), NP still grew 22.6% YoY, with NP margin expanding 0.8ppts to 6.6% in 1H25.
- **FY25 guidance unchanged.** FY25 targets: 1) core OP growth >15%; 2) double-digit basic PM revenue growth; 3) 0.5ppts GP margin expansion; 4) annualized revenue of new contract >RMB 4.0 bn. We see pressure on new contract wins (only RMB 1.52 bn, 38% secured in 1H25), while we think core OP growth may exceed guidance by maintaining 1H25's momentum.
- **Maintain BUY.** Our TP of HK$6.61 (22x 2025E P/E) reflects earnings upgrades partially offset by lower valuation multiple. Target multiple was reduced from 25x to 22x to reflect deteriorating industry conditions (intensified competition, PM fee caps and potential mandatory social security payment). Risks: 1) weak third-party expansion; 2) greater-than-expected gross margin pressure; and 3) decline in developer-related business.

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	16,812	17,893	19,192	20,550
YoY growth (%)	13.2	6.4	7.3	7.1
Net income (RMB mn)	605.4	785.1	874.5	1,000.5
EPS (RMB)	0.19	0.25	0.28	0.32
YoY growth (%)	11.7	31.6	11.4	14.4
Consensus EPS (RMB)	N/A	N/A	0.29	0.34
P/E (x)	24.0	18.2	16.4	14.3
P/B (x)	2.4	2.1	2.0	1.9
Yield (%)	3.0	4.1	4.6	5.2
ROE (%)	8.3	10.3	11.0	12.2
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Managed GFA termination rate

Managed GFA changes (mn sqm)	2022A	2023A	2024A	1H24	1H25
At the beginning of the period	304.1	381.4	448.4	448.4	509.0
Addition	83.3	83.4	79.2	40.3	39.3
Termination	(6.0)	(16.4)	(18.6)	(7.0)	(12.0)
At the end of the period	381.4	448.4	509.0	481.7	536.3
Termination rate (=Termination/beginning GFA)	-2.0%	-4.3%	-4.1%	-1.6%	-2.4%

Source: Company data, CMBIGM

Xiaomi (1810 HK) – Solid IoT/EV momentum and stable smartphone

Rating: BUY **| TP:** HK$62.96 (14% 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. We are positive on its LT target of 1ppt share gain in China market each year and 200mn global shipments in long term, as well as GPM expansion given premiumization strategy and core technology in self-developed chips, OS and imaging; 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 shipment with 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%/29% 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$62.96 implies 26.3x FY26E P/E, which reflects Xiaomi's business diversification with different growth profiles and visibility.

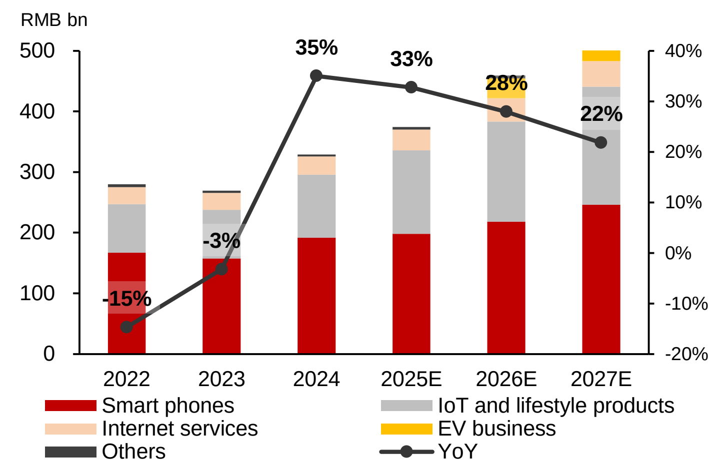
Link to latest report: Xiaomi (1810 HK) - 2Q25 in line; Solid EV/IoT momentum offset by softer smartphone outlook

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	365,903	485,796	621,599	757,173
YoY growth (%)	35.0	32.8	28.0	21.8
Net profit (RMB mn)	27,235	44,235	57,001	69,073
YoY growth (%)	1.10	1.73	2.21	2.67
EPS (RMB)	41.7	57.4	27.8	21.2
Consensus EPS (RMB)	N/A	1.61	2.12	2.62
P/E (x)	47.1	30.0	23.4	19.3
P/B (x)	8.0	5.7	4.7	3.9
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	14.4	15.9	17.0	17.0
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) – Solid outlook intact on AI-driven upgrade cycle in 2H25E

Rating: BUY | **TP:** HK$60.55 (38% 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 mgmt.'s upbeat guidance for 2025, which should ease market concerns on 2H GPM/demand. 1) Acoustics: new product MP will boost GPM rebound in 2H25E. 2) ED & PM: ED sales will grow 18-20% YoY in FY25E (VC up 3-4 times, NB/casing stable share), and EM will grow 15-20% YoY with GPM of 30%+. 3) Optics: sales to grow 20% YoY with GPM at 10-15% in FY25E, with plastic HLS GPM at 30%+, WLG shipment of 10-15mn/20mn in FY25/26E and HCM GPM at 4-6%; 4) MEMS & sensors: FY25E sales grew 100% YoY with GPM at 15-20%.

- **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 product launches (AI/foldable/ultra-thin phones/AI glasses), robotics orders and optics margin expansion.

- **Valuation:** Our SOTP-based TP of HK$60.55 implies 25.3x FY25E P/E.

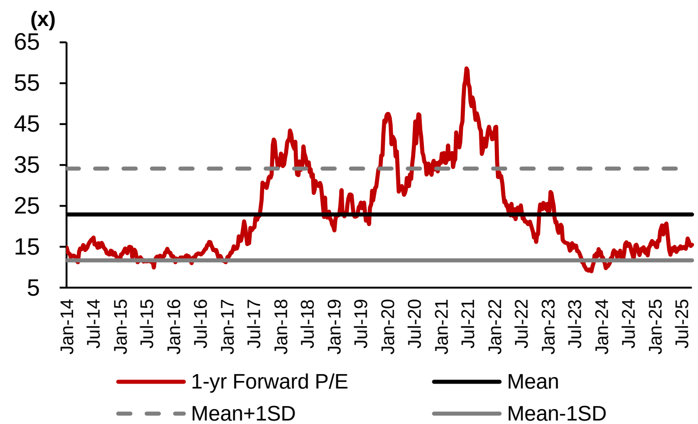
- **Link to latest report:** AAC Tech (2018 HK) - 1H25 upgrade cycle in 2H25E in-line despite GPM dip; Solid outlook intact on AI-driven upgrade cycle in 2H25E

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	27,328	32,848	37,596	41,623
YoY growth (%)	33.8	20.2	14.5	10.7
Net profit(RMB mn)	1,797	2,515	3,187	3,735
EPS (RMB)	1.53	2.17	2.75	3.22
YoY growth (%)	143.8	41.6	26.7	17.2
Consensus EPS (RMB)	N/A	2.05	2.45	2.82
P/E (x)	26.0	18.3	14.5	12.3
P/B (x)	2.0	1.8	1.7	1.5
Yield (%)	0.6	0.9	1.3	1.5
ROE (%)	7.8	10.0	11.5	12.2
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$47.37 (11% 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 guided upbeat outlook in 2H25/FY26E. 1) SP: BYDE will focus on high-end components and efficiency improvement in FY25E and expected 50% YoY in iPhone casing sales on foldable iPhone in FY26E, 2) Auto: BYDE guided 35-40% YoY sales in FY25E driven by strong Parentco orders with share gains, 3) AI servers: BYDE guided ODM revenue of RMB3-5bn in FY25E and mass production of liquid cooling products for one major overseas CSP in 2H25E. Mgmt. also targeted mass production of 800G transceivers in 2H25E and 1.6T in 1H26E, while HVDC products for server rack will start shipment in late 2026 or 2027, 6) Robotics: AMR of 2k units in operations and upgrade in 3rd-gen dexterous hands

- **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$47.37 implies 16.2x FY26E P/E. We reiterate BUY given our positive view on BYDE's outlook and improving revenue mix to drive GPM recovery in FY26-27E.

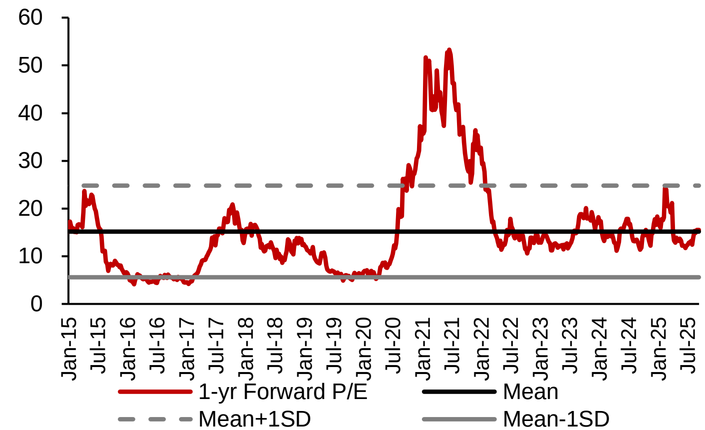
- **Link to latest report:** BYDE (285 HK) - 2Q25 upbeat; Multiple growth drivers in foldable iPhone, auto and AI server (liquid cooling, power, 800G/1.6G/CPO)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	177,306	183,442	216,001	234,001
YoY growth (%)	36	3	18	8
Net profit (RMB mn)	4,266	5,014	5,953	7,665
EPS (RMB)	1.89	2.23	2.64	3.40
YoY growth (%)	6	18	19	29
Consensus EPS (RMB)	1.89	2.31	2.98	3.66
P/E (x)	19.9	16.9	14.3	11.1
P/B (x)	3.2	2.9	2.6	2.3
Yield (%)	1.4	1.6	1.9	2.5
ROE (%)	13.2	14.0	14.9	16.9
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) – Scaling China's ADAS leader amid structural shift

Rating: BUY | **TP:** HK$12.3 (20% upside)

Analysts: Lily Yang/ Kevin Zhang

- **1H earnings review:** Horizon Robotics posted robust 1H25 results with revenue up 68% YoY to RMB1.57bn, driven by a 250% surge in product solutions as shipments doubled to 2mn units and blended ASP rose ~70%. The company has established clear leadership in China's ADAS market with ~46% share, supported by strong adoption at BYD, Li Auto, Geely, and new design wins with Japanese OEMs (>7.5m lifecycle volume). We forecast shipments of 4.3m/6.6m in 2025/26E, with product solution revenue reaching RMB2.1bn this year as sales mix shifts structurally from licensing to chips. Margins moderated (65.4%, -13.7ppt YoY) as chips grew to 50% of sales, but product solution GPM improved to 45.6% on richer mix, and we expect overall GPM to stabilize at 58–64% over 2025–26E. Losses widened slightly (RMB5.2bn) due to R&D and ecosystem investment, but we view this as necessary to defend market share and extend its technology lead.
- **Our view:** Horizon Robotics is evolving from a license-heavy model into a scaled product-driven leader in China's intelligent driving ecosystem, with both domestic dominance and early international traction. While margins are moderating, the trade-off is acceptable as revenue scales. Long-term upside rests on China's ADAS penetration curve, policy support, and Horizon's ability to monetize its premium chip portfolio.
- **Risks:** Potential risks include 1) unfavorable gov't policies regarding vehicle autonomy, 2) slower-than-expected R&D, 3) supply chain uncertainties
- **Valuation:** Maintain BUY, TP is HK$12.3, based on 30x 2030E P/E.
- **Links to relevant reports:**

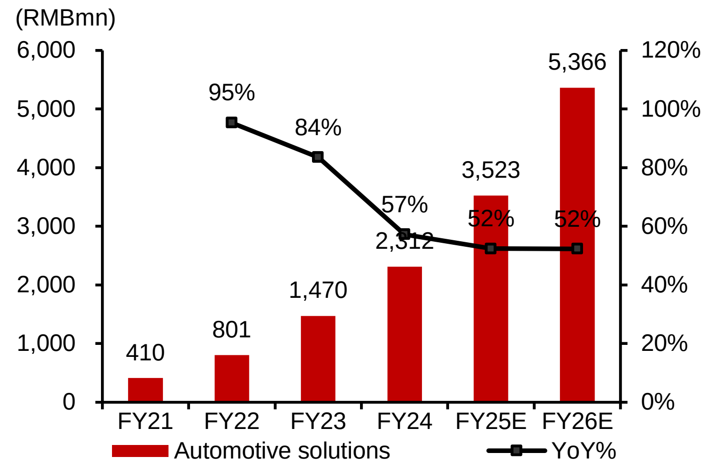
1. Horizon Robotics (9660 HK) - 1H25 results: ASP and volume surged, driving 68% sales growth
2. Semiconductors - China's ADAS/AD players are set to gain ground at accelerated pace

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,552	2,384	3,666	5,581	8,734
YoY growth (%)	71.3	53.6	53.8	52.2	56.5
Gross margin (%)	70.5	77.3	63.8	58.1	55.6
Net profit (RMB mn)	(6,739)	2,347	(6,928)	(1,962)	132
EPS (Reported) (RMB)	(2.50)	0.51	(0.52)	(0.15)	0.01
P/S (x)	66.6	43.3	28.2	18.5	11.8
ROE (%)	N/A	N/A	(78.9)	(39.0)	2.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: The company's auto solutions revenue and growth



Source: Company data, CMBIGM estimates

OmniVision (603501 CH) – Solid results, auto CIS strength anchors outlook

Rating: BUY | **TP:** RMB173 (27% upside)

Analysts: Lily Yang/ Kevin Zhang

- **1H earnings review:** OmniVision delivered solid 1H25 results with revenue up 15% YoY to RMB14.0bn and net profit up 48% YoY to RMB2.0bn, driven by broad-based strength in auto, security, emerging IoT, and medical CIS. Gross margin held firm at 30.5% (+1.3ppts YoY), while NPM improved to 14.5% on operating leverage. Core CIS sales hit a record RMB10.3bn (+11% YoY), with auto CIS remaining the key pillar (37% of segment sales, +30% YoY) and emerging IoT (+249% YoY) showing breakout momentum.
- **Our forecast:** We maintain BUY with TP of RMB173 (33.6x 2026E P/E). OmniVision's leadership in auto CIS (~30% global share) and strong foothold in medical and security CIS position it to capture secular growth from intelligent driving and high-end imaging adoption. While mobile CIS remains a drag (-19% YoY in 1H25, projected -15% in 2025E), new 200MP sensors and product cycles should restore growth from 2026E. We forecast revenue growth of 18%/25% YoY and NP growth of 24%/50% YoY in 2025/26E. Despite near-term mix pressure from distribution and mobile weakness, OmniVision's diversified portfolio, structural tailwinds in auto and emerging imaging, and improving profitability support a positive long-term outlook.
- **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 set at RMB173, corresponding to 33.6x 2026E P/E.

Links to relevant reports:

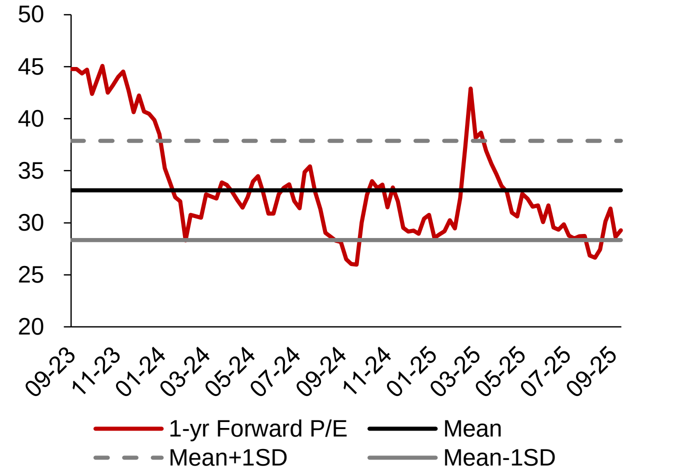
1. OmniVision (603501 CH) - Solid 1H25 results; Maintain BUY
2. OmniVision (603501 CH) - Solid 1Q25 earnings driven by robust auto momentum; Maintain BUY
3. OmniVision (603501 CH) - True beneficiary of accelerating domestic AI innovation & autonomous driving penetration

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	21,021	25,731	30,301	37,871	46,802
YoY growth (%)	4.7	22.4	17.8	25.0	23.6
Gross margin (%)	21.8	29.4	30.6	32.7	32.5
Net profit (RMB mn)	556	3,323	4,132	6,197	7,857
YoY growth (%)	(43.9)	498.1	24.3	50.0	26.8
EPS (RMB)	0.47	2.77	3.45	5.17	6.56
P/E (x)	308.9	52.4	42.1	28.1	22.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

BaTeLab (2149 HK) – Sustaining high margins amid strategic shifts; distributor diversification builds resilience

Rating: BUY | **TP:** HK$93 (70% upside)

Analysts: Lily Yang/ Kevin Zhang

- **1H earnings review:** BaTeLab delivered record 1H25 sales of RMB292mn (flat YoY on a high base) with robust profitability, as GPM held firm at 51.8% and net profit rose 14.9% YoY to RMB77mn (NPM +3.3ppts to 26.4%). Despite near-term sales impact from distributor diversification and tariff headwinds, BaTeLab continues to expand SKUs (+130 to 850) and strengthen its IP/EDA platform, anchoring long-term growth in the industrial analog market. Its unique patterned wafer model and in-house design ecosystem support sustainable high margins (>50%).
- **Our view:** We reiterate BUY with TP of HK$93 (26.6x 2025E P/E). While capacity constraints may cap near-term upside (2025E revenue growth trimmed to +16% YoY), earnings are largely intact (NP +21% YoY to RMB202mn) due to efficiency gains. Strategic distributor rebalancing reduces geopolitical dependency and positions BaTeLab for more resilient growth. With 26% NP CAGR (2025–27E) and valuation at 17.4x/13.8x 2025/26E P/E—well below domestic and global peers, BaTeLab offers an attractive combination of profitability, growth, and localization exposure.
- **Key risks:** slower SKU expansion, capacity bottlenecks, and customer concentration shifts.
- **Valuation:** Maintain BUY with TP at HK$93, based on 26.6x 2025E P/E.

Links to relevant reports:

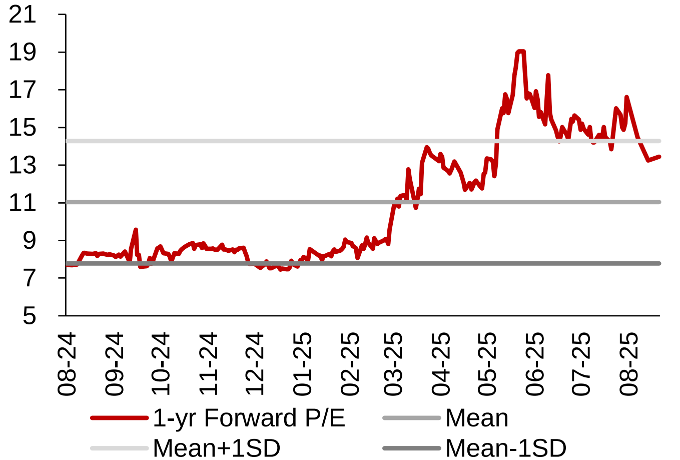
1. BaTeLab (2149 HK) - Maintaining high profitability amid strategic shifts; Expect stronger 2H25
2. BaTeLab (2149 HK) - Analog IC gem with sustained growth potential ahead
3. BaTeLab (2149 HK) - Potential EDA restrictions not to impede growth

Financials and Valuations

(YE 31 Dec)	FY23A	FY24E	FY25E	FY26E	FY27E
Revenue (RMB mn)	464	579	672	841	1,046
YoY growth (%)	31.6	24.8	16.1	25.1	24.4
Gross margin (%)	55.4	53.0	52.4	52.4	52.4
Net profit (RMB mn)	109.2	166.6	201.9	255.0	318.9
YoY growth (%)	14.6	52.6	21.2	26.3	25.1
EPS (Reported) (RMB)	2.42	2.78	3.20	4.05	5.06
P/E (x)	23.1	20.1	17.4	13.8	11.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Naura (002371 CH) – Intact long-term growth trajectory despite seasonal margin pressure

Rating: BUY **| TP:** RMB460 (22% upside)

Analysts: Lily Yang/ Kevin Zhang

- **2Q earnings review:** Naura reported 2Q25 revenue of RMB7.9bn (+22% YoY, -3% QoQ), reflecting seasonal fluctuations after a strong 1Q25. Gross margin contracted to 41.3% (-6ppts YoY) due to electronic components drag, but net profit held at RMB1.6bn (-2% YoY, +3% QoQ) with net margin improving to 20.5% on cost discipline. Semiconductor equipment revenue exceeded RMB13bn in 1H25, up ~50% YoY, solidifying Naura's position as a domestic leader with >5% market share.
- **Our view:** We reiterate BUY with TP of RMB460 (35x 2026E P/E). Naura is the best-positioned Chinese semicap player to capture localization tailwinds, supported by strength in etching, deposition, thermal, and cleaning (80%+ of sales). Expansion into ion implantation and the Kingsemi acquisition enhance product breadth (coating, bonding, cleaning) and improve long-term synergies. We forecast equipment sales to grow 47%/31% in 2025/26E, driving revenue CAGR of 29% and stable long-term profitability (>40% GPM, >20% NPM). While near-term margins face mix pressure, the company's broad portfolio, localization policy support, and expanding market share strengthen its long-term growth trajectory.
- **Risks:** 1) Lower-than-expected domestic foundry capex plan; 2) slower-than expected R&D progress; 3) higher raw material costs, etc.
- **Valuation:** Maintain BUY, with TP set at RMB460, based on 35x FY26E P/E.

Links to relevant reports:

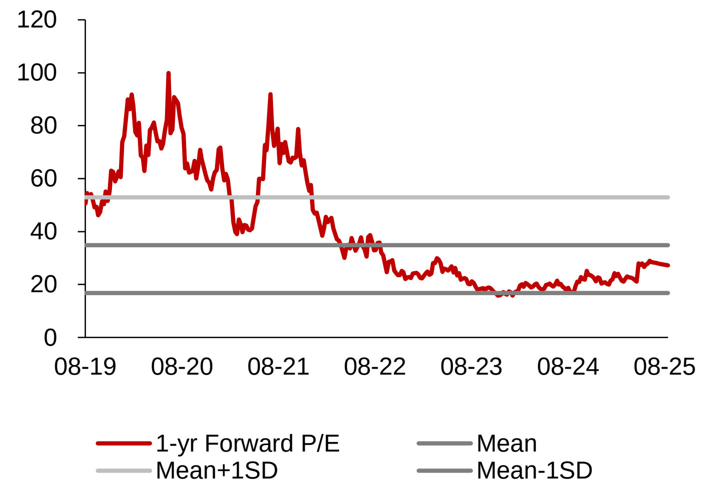
1. Naura Technology (002371 CH) - Intact long-term growth trajectory despite seasonal fluctuations; Maintain BUY
2. Naura Technology (002371 CH) - Solid FY24 earnings amid accelerated semi supply chain domestication
3. Naura Technology (002371 CH) - Solid Q3 earnings signal intact growth trajectory

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	22,079	29,838	39473	49588	59236
YoY growth (%)	50.3	35.1	32.3	25.6	19.5
Gross margin (%)	41.1	42.9	41.8	42.7	43.3
Net profit (RMB mn)	3,899.1	5,621.2	7,297.0	9,398.5	11,502.0
YoY growth (%)	65.7	44.2	29.8	28.8	22.4
EPS (RMB)	5.45	7.83	10.11	13.03	15.95
P/E (x)	69.7	48.5	37.6	29.2	23.8

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

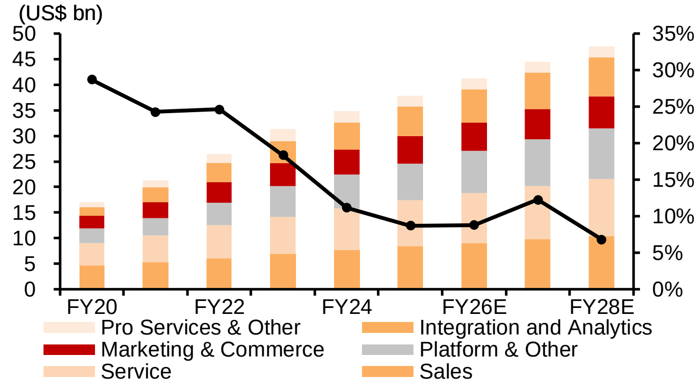
- **Investment Thesis:** Supported by Agentforce and Einstein, Salesforce is now one of the largest suppliers of enterprise AI in the world. We expect AI application to remain as the key investment theme in 2025 and Salesforce to be one of the key beneficiaries. The company's current valuation is attractive at 12x 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$1.2bn in 2QFY26, up by 120% YoY. The company has closed 12,500 Agentforce deals since its launch, of which 6,000 are paid. Management noted that over 40% of the Agentforce new bookings came from the existing Agentforce customers in 2QFY26, showing strong consumption trend of Agentforce services. Flex Credits accounted for 80% of Agentforce new bookings in 2QFY26.
- **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 (27x),
- **Link to latest report:** Salesforce (CRM US) – Inline 2QFY26 results; intact long-term outlook for AI and data cloud

Financials and Valuations

(YE 31 Jan)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	34,857	37,895	41,217	46,264	49,409
Adjusted NP (US$ mn)	8,087	9,930	10,966	12,767	14,130
YoY growth (%)	10.4	16.4	10.7	10.4	16.4
EPS (Adjusted) (US$)	8.30	10.32	11.35	13.22	14.63
Consensus EPS (US$)	8.30	10.32	11.31	12.61	14.44
P/E (x)	29.5	23.8	21.4	18.4	16.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Salesforce: revenue and YoY



Source: Company data, CMBIGM estimates

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