

# **CMBI Research Focus List**

## **Our best high conviction ideas**



20 Oct 2025

# CMBI Focus List – Long and short ideas

| Company            | Ticker    | Sector                 | Rating | M cap<br>(US\$ bn) | 3M ADTV<br>(US\$ mn) | Price<br>(LC) | TP<br>(LC) | Up/Down<br>-side | P/E (x)<br>FY24A FY25E | P/B (x)<br>FY24A FY24A | ROE (%)<br>FY24A | Yield<br>FY24A | Analyst                           |
|--------------------|-----------|------------------------|--------|--------------------|----------------------|---------------|------------|------------------|------------------------|------------------------|------------------|----------------|-----------------------------------|
| <b>Long Ideas</b>  |           |                        |        |                    |                      |               |            |                  |                        |                        |                  |                |                                   |
| Geely Automobile   | 175 HK    | Auto                   | BUY    | 24.8               | 168.7                | 19.0          | 25.00      | 32%              | 10.50 9.90             | 2.00                   | 19.9             | 1.8%           | Shi Ji/ Wenjing Dou/ Austin Liang |
| Leapmotor          | 9863 HK   | Auto                   | BUY    | 10.3               | 65.6                 | 59.2          | 80.00      | 35%              | N/A 90.60              | N/A                    | N/A              | N/A            | Shi Ji/ Wenjing Dou/ Austin Liang |
| J&T Express        | 1519 HK   | Logistics              | BUY    | 11.7               | 54.1                 | 10.2          | 13.40      | 32%              | 58.00 33.40            | 4.10                   | 7.20             | 0.0%           | Wayne Fung                        |
| SANY International | 631 HK    | Capital Goods          | BUY    | 3.3                | 8.9                  | 7.9           | 8.90       | 13%              | 22.20 10.60            | 2.00                   | 15.5             | 3.5%           | Wayne Fung                        |
| Green Tea          | 6831 HK   | Consumer Discretionary | BUY    | 0.6                | 1.3                  | 6.4           | 10.74      | 67%              | 9.50 8.10              | 4.30                   | 59.1             | 5.4%           | Walter Woo                        |
| Guoquan Food       | 2517 HK   | Consumer Discretionary | BUY    | 1.2                | 10.2                 | 3.6           | 4.80       | 32%              | 40.10 22.60            | 2.80                   | 7.4              | 2.2%           | Walter Woo                        |
| Luckin Coffee      | LKNCY US  | Consumer Discretionary | BUY    | 11.4               | 75.0                 | 40.1          | 44.95      | 12%              | 31.80 22.30            | 7.10                   | 25.8             | 0.0%           | Walter Woo                        |
| Proya              | 603605 CH | Consumer Staples       | BUY    | 4.3                | 76.1                 | 77.8          | 129.83     | 67%              | 19.90 18.00            | 5.60                   | 31.7             | 2.0%           | Miao Zhang                        |
| CR Beverage        | 2460 HK   | Consumer Staples       | BUY    | 3.4                | 14.5                 | 11.0          | 12.85      | 17%              | 12.80 17.40            | 1.80                   | 18.0             | 4.8%           | Miao Zhang                        |
| 3Sbio              | 1530 HK   | Healthcare             | BUY    | 8.7                | 182.4                | 27.9          | 37.58      | 35%              | N/A 7.20               | N/A                    | N/A              | N/A            | Jill Wu/ Cathy Wang               |
| Ping An            | 2318 HK   | Insurance              | BUY    | 138.8              | 328.2                | 54.1          | 71.00      | 31%              | N/A N/A                | 1.00                   | 13.9             | 5.2%           | Nika Ma                           |
| PICC P&C           | 2328 HK   | Insurance              | BUY    | 53.6               | 57.6                 | 18.7          | 21.60      | 16%              | N/A N/A                | 1.46                   | 13.0             | 3.2%           | Nika Ma                           |
| Tencent            | 700 HK    | Internet               | BUY    | 735.4              | 1494.4               | 624.0         | 705.00     | 13%              | 23.60 20.80            | N/A                    | N/A              | N/A            | Saiyi He/ Wentao Lu/ Frank Tao    |
| Alibaba            | BABA US   | Internet               | BUY    | 398.6              | 2807.6               | 167.1         | 209.40     | 25%              | N/A 22.50              | N/A                    | N/A              | N/A            | Saiyi He/Frank Tao/Wentao Lu      |
| Trip.com           | TCOM US   | Internet               | BUY    | 45.8               | 189.0                | 70.1          | 76.00      | 8%               | 18.00 10.50            | N/A                    | N/A              | N/A            | Saiyi He/Frank Tao/Wentao LU      |
| Greentown Service  | 2869 HK   | Property               | BUY    | 1.9                | 3.5                  | 4.7           | 6.61       | 42%              | 16.80 15.00            | 1.90                   | 10.3             | 0.0            | Miao Zhang                        |
| Xiaomi             | 1810 HK   | Technology             | BUY    | 157.4              | 1058.9               | 47.0          | 62.96      | 34%              | 38.50 24.50            | 6.60                   | 14.4             | N/A            | Alex Ng/ Hanqing Li               |
| AAC Tech           | 2018 HK   | Technology             | BUY    | 5.9                | 46.4                 | 39.0          | 60.55      | 55%              | 22.90 16.20            | 1.80                   | 7.8              | 0.7%           | Alex Ng/ Hanqing Li               |
| BYDE               | 285 HK    | Technology             | BUY    | 11.2               | 158.1                | 38.5          | 47.37      | 23%              | 18.10 15.40            | 2.90                   | 13.2             | 1.5%           | Alex Ng/ Hanqing Li               |
| Horizon Robotics   | 9660 HK   | Semi                   | BUY    | 15.3               | 293.0                | 8.1           | 12.30      | 51%              | N/A N/A                | N/A                    | N/A              | N/A            | Lily Yang/ Kevin Zhang            |
| OmniVision         | 603501 CH | Semi                   | BUY    | 21.6               | 524.6                | 127.4         | 173.00     | 36%              | 47.90 38.50            | N/A                    | N/A              | N/A            | Lily Yang/ Kevin Zhang            |
| BaTeLab            | 2149 HK   | Semi                   | BUY    | 0.4                | 1.6                  | 47.5          | 93.00      | 96%              | 15.80 13.70            | N/A                    | N/A              | N/A            | Lily Yang/ Kevin Zhang            |
| Naura              | 002371 CH | Semi                   | BUY    | 40.7               | 572.5                | 400.5         | 460.00     | 15%              | 52.40 40.60            | N/A                    | N/A              | N/A            | Lily Yang/ Kevin Zhang            |
| Salesforce         | CRM US    | Software & IT services | BUY    | 231.4              | 2215.0               | 243.1         | 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 20/10/2025 2:30 p.m.

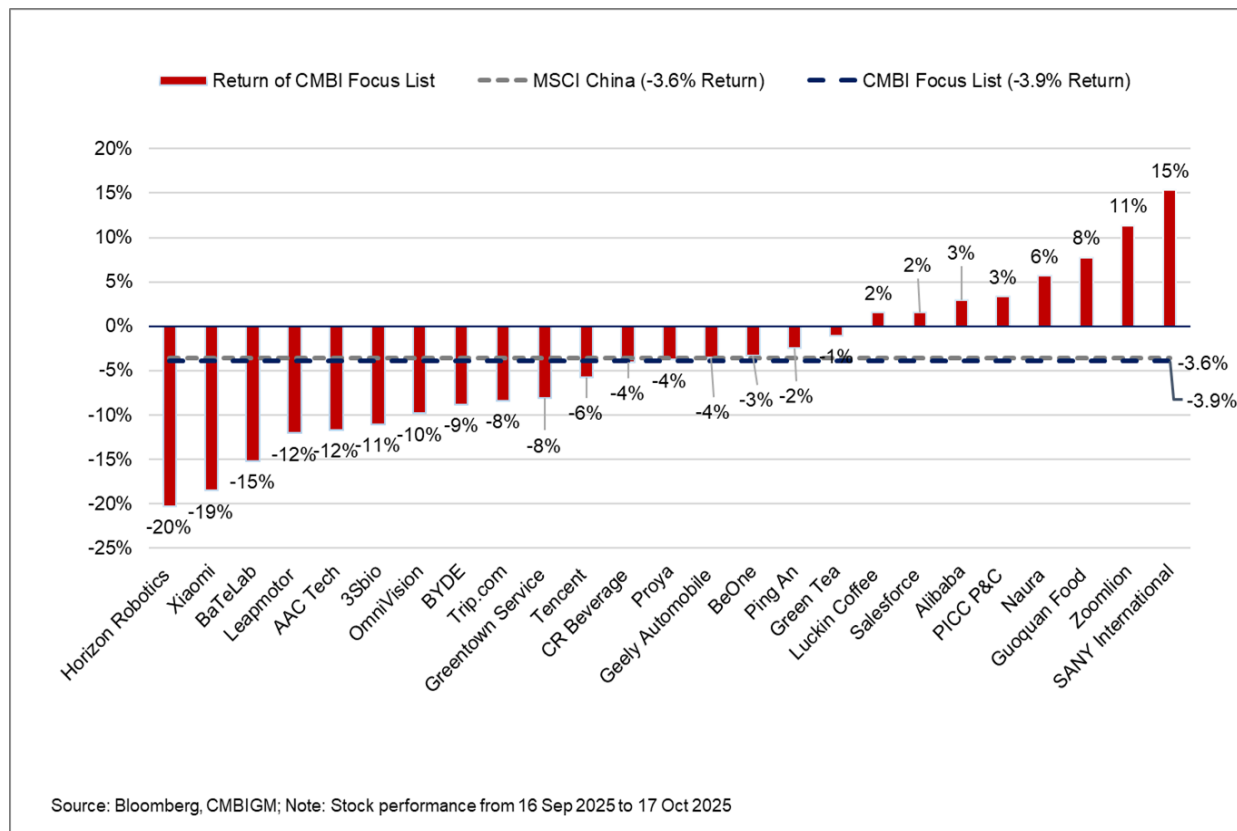
# Latest additions/deletions from CMBI Focus List

| Company          | Ticker  | Sector        | Rating | Analyst            | Rationale                                                                                                                                                                                                                                                                                                                                   |
|------------------|---------|---------------|--------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Additions</b> |         |               |        |                    |                                                                                                                                                                                                                                                                                                                                             |
| J&T Express      | 1519 HK | Logistics     | BUY    | Wayne Fung         | We like J&T's unmatched competitive edge and market share gain potential in SEA, as well as the strong potential in New markets such as Brazil and the Middle East. The recent pullback of share price offers an entry opportunity.                                                                                                         |
| <b>Deletions</b> |         |               |        |                    |                                                                                                                                                                                                                                                                                                                                             |
| Zoomlion         | 1157 HK | Capital Goods | BUY    | Wayne Fung         | We remove Zoomlion as the share price hit our TP. We remain positive on the Company's growth outlook in emerging markets and recovery in China market.                                                                                                                                                                                      |
| BeOne            | ONC US  | Healthcare    | BUY    | Jill Wu/ Andy Wang | We remove BeOne Medicines as one of our top picks in the healthcare sector, due to the following reasons: 1) the stock price has increased a lot since our previous recommendation, making the further upside less attractive in our view; 2) the company has limited catalysts in the near term to further drive the share price increase. |

Source: CMBIGM

# Performance of our recommendations

- In our last report dated 16 Sep 2025, we highlighted a list of 25 long ideas.
- The basket (equal weighted) of these 25 stocks underperformed MSCI China index by 0.3 ppts, delivering -3.9% return (vs MSCI China -3.6%).
- 11 out of the 25 stocks outperformed the benchmark.



# Long Ideas

# Geely Automobile (175 HK) – Solid earnings with new models ramp-ups

**Rating:** BUY | **TP:** HK\$25.00 (32% upside)

**Analysts:** Shi Ji/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We believe Geely's recently new models from different brands have been well received, which could lift average selling price and gross margin. There is still enough room for growth for Geely's NEVs, as its previous 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.** We believe Geely 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 new NEVs, as the recently-launched new models started to cover new market segments, including medium car (Galaxy A7) , mid-to-large-size SUV (Galaxy M9) and large-size SUV (Zeekr 9X) markets. Geely's FY25E sales volume may exceed our prior 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 some investors' 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 and 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)          | FY24A    | FY25E    | FY26E    | FY27E    |
|----------------------|----------|----------|----------|----------|
| Revenue (RMB mn)     | 240,194  | 338,675  | 369,620  | 385,385  |
| YoY growth (%)       | 34.0     | 41.0     | 9.1      | 4.3      |
| Net profit (RMB mn)  | 16,632.4 | 17,703.0 | 18,627.6 | 19,557.1 |
| YoY growth (%)       | 213.3    | 6.4      | 5.2      | 5.0      |
| EPS (Reported) (RMB) | 1.65     | 1.75     | 1.83     | 1.90     |
| P/E (x)              | 10.5     | 9.9      | 9.5      | 9.1      |
| P/B (x)              | 2.0      | 1.9      | 1.7      | 1.5      |
| Yield (%)            | 1.8      | 4.0      | 4.2      | 4.4      |
| ROE (%)              | 19.9     | 20.0     | 19.2     | 17.8     |
| 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 (35% 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 success of the C16 also gives us more confidence in its upcoming D-series models. We expect Leapmotor to achieve YoY-doubled sales volume for the second consecutive year and turn profitable on a full-year net profit basis in FY25E.
- **Strong sales momentum throughout FY26E.** With Sep deliveries of 67,000 units, Leapmotor's 3Q25 total sales volume rose 102% YoY and 30% QoQ to 174,000 units, stronger than our prior expectation. We expect its FY25E sales volume to beat our prior forecast of 0.6mn units, a second consecutive year with YoY doubled sales volume. The first D-series SUV (D19) made its debut on 16 Oct and will start deliveries in 1Q26. 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 expect Leapmotor's FY25E GPM to rise 6.1ppts YoY to 14.5%, following the beat in 2Q25. We believe greater economies of scale and more meaningful high-margin other income (CO2 credits and income from strategic cooperation with other automakers) could continue to drive GPM higher in 2H25E and FY26E. We maintain our FY25E net profit forecast of RMB927mn, which could mark the first year of turning profitable. We also project FY26E net profit to surge 257% YoY to RMB3.3bn in FY26E.
- **Valuation/Key risks.** We maintain our BUY rating and target price of HK\$80.00, based on 1.1x our FY26E 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.

## Financials and Valuations

| (YE 31 Dec)         | FY24A     | FY25E  | FY26E   | FY27E   |
|---------------------|-----------|--------|---------|---------|
| Revenue (RMB mn)    | 32,164    | 63,246 | 92,937  | 106,854 |
| YoY growth (%)      | 92.1      | 96.6   | 46.9    | 15.0    |
| Gross margin (%)    | 8.4       | 14.5   | 14.7    | 14.9    |
| Net profit (RMB mn) | (2,820.8) | 926.8  | 3,310.3 | 4,619.7 |
| YoY growth (%)      | N/A       | N/A    | 257.2   | 39.6    |
| P/S (x)             | 2.6       | 1.3    | 0.9     | 0.8     |
| P/E (x)             | N/A       | 90.6   | 26.9    | 19.5    |

Source: Company data, Bloomberg, CMBIGM estimates

**Link to latest report:** [Leapmotor \(9863 HK\) - Sustainable profit ahead on strong sales momentum](#)

# J&T Express (1519 HK) – Unique play for emerging market express delivery

**Rating:** BUY | **TP:** HK\$13.4 (32% upside)

**Analyst:** Wayne Fung

- **Investment Thesis:** J&T's express delivery business spans 13 countries, covering China, seven countries across Southeast Asia (SEA) including Indonesia, Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore, as well as five countries of New markets, including Saudi Arabia, UAE, Mexico, Brazil and Egypt. J&T is the largest express delivery operator in SEA with a respectable market share of 32.8% (1H25). In China, J&T ranked No.5 with market share of 11.1% (1H25). We think J&T offers a unique growth story that can rarely be found in the sector.
- **Our View:** J&T's parcel volume growth in 3Q25 reached 23% YoY, driven by outstanding growth of 79% in SEA. While the parcel volume growth in China slowed to 10% due to the “anti-involution” campaign, it was alongside a rebound of ASP. In view of the strong growth in SEA, we see upside to J&T's full-year parcel volume growth guidance (+56% in SEA). We continue to like J&T, due to (1) the unmatched competitive edge and market share gain potential in SEA (32.8% in 1H25), and (2) strong potential in New markets such as Brazil and the Middle East.
- **Where do we differ vs consensus:** Our earnings forecast in 2025E/26E is 2-3% below Bloomberg consensus, which we see as normal deviation.
- **Catalysts:** (1) Better-than-expected parcel volume growth in SEA; (2) further increase in parcel ASP in China.
- **Valuation:** We apply different EV/EBITDA multiples for different markets to better reflect their respective growth outlooks. Our SOTP-based TP is HK\$13.4.

**Link to latest report:** [J&T Express \(1519 HK\) - Parcel growth in SEA further accelerated in 3Q25](#)

## Financials and Valuations

| (YE 31 Dec)              | FY24A                               | FY25E  | FY26E  | FY27E  |
|--------------------------|-------------------------------------|--------|--------|--------|
| Revenue (RMB mn)         | 10,259                              | 12,161 | 14,110 | 16,162 |
| YoY growth (%)           | 16                                  | 19     | 16     | 15     |
| Core net income (RMB mn) | 200                                 | 348    | 583    | 761    |
| Core EPS (RMB)           | 0.02                                | 0.04   | 0.07   | 0.09   |
| YoY growth (%)           | N/A                                 | 73.5   | 67.8   | 30.5   |
| Consensus EPS (RMB)      | N/A                                 | 0.04   | 0.07   | 0.09   |
| EV/EBITDA (x)            | 16.1                                | 12.1   | 9.4    | 7.9    |
| P/E (x)                  | 58.0                                | 33.4   | 19.9   | 15.3   |
| P/B (x)                  | 4.1                                 | 3.8    | 3.2    | 2.7    |
| Yield (%)                | 0.0                                 | 0.0    | 0.0    | 0.0    |
| ROE (%)                  | 7.2                                 | 11.8   | 17.4   | 19.3   |
| Net gearing (%)          | Net cash Net cash Net cash Net cash |        |        |        |

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: SOTP valuation for J&T Express

| Breakdown                | Methodology |        | 2026E<br>(US\$ mn) | Multiple<br>(x) | Value<br>(US\$mn) | % of total |
|--------------------------|-------------|--------|--------------------|-----------------|-------------------|------------|
| SEA                      | EV/EBITDA   | EBITDA | 875                | 14              | 12,252            | 82%        |
| China                    | EV/EBITDA   | EBITDA | 323                | 6.5             | 2,097             | 14%        |
| New markets              | EV/EBITDA   | EBITDA | 34                 | 20              | 682               | 5%         |
| <b>Total EV</b>          |             |        |                    |                 | <b>15,031</b>     | 100%       |
| Add: Net cash (end 2024) |             |        |                    |                 | 55                |            |
| Minus: MI                |             |        |                    |                 | 0                 |            |
| <b>Equity value</b>      |             |        |                    |                 | <b>15,086</b>     |            |
| <b>Target price</b>      |             |        |                    |                 |                   |            |
| US\$                     |             |        |                    |                 | 1.71              |            |
| HK\$                     |             |        |                    |                 | 13.4              |            |

Source: Company data, CMBIGM estimates

# SANY International (631 HK) – Earnings growth driven by diversified revenue source

**Rating:** BUY | **TP:** HK\$8.9 (13% upside)

**Analyst:** Wayne Fung

- **Investment Thesis:** SANYI has been expanding into new business segments, including lithium battery, intelligent coal mining, hydrogen and solar segments. Besides, the expansion of overseas mining trucks will help SANYI further reduce the cyclical nature of 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 could 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 likely serve as new growth drivers, in our view.
- **Where do we differ vs consensus:** Our earnings forecast in 2025E/26E is 6%/3% below Bloomberg consensus. We see further potential earnings upside driven by higher-than-expected new business growth.
- **Catalysts:** (1) Improvement of coal mining capex; (2) better-than-expected overseas sales / new business.
- **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 ~10x as attractive, given the improving visibility of earnings recovery.

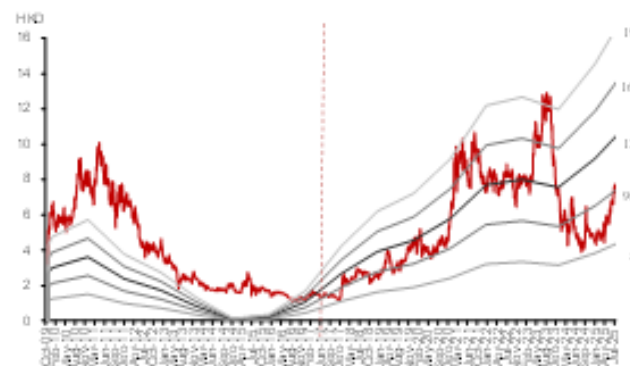
**Link to latest report:** [SANY International \(631 HK\) - 2Q25E profit in-line; Raise earnings forecast on new business growth & expense control](#)

## 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    | 0.77   | 0.93   | 1.20     |
| EV/EBIDTA (x)            | 11.4   | 6.4    | 5.3    | 4.6      |
| P/E (x)                  | 22.2   | 10.6   | 8.3    | 7.2      |
| P/B (x)                  | 2.0    | 1.8    | 1.6    | 1.4      |
| Yield (%)                | 3.5    | 3.8    | 4.8    | 5.6      |
| 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 (67% upside)

**Analyst:** Walter Woo

- **Investment Thesis:** Green Tea is the 4th-largest brand in the casual Chinese cuisine industry, with 0.7% market share in 2023, generated RMB 3.6bn sales from 360 stores in FY23. We project 18% sales CAGR in FY23-26E, driven by: 1) ramp up of its delivery sales, 2) opening of more smaller-sized stores and 3) expansion to more lower-tier cities. We also expect the adj.net profit to grow by a 25% CAGR, thanks to: 1) further menu adjustments, 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) continued benefits from the profit sharing incentive schemes, 4) faster overseas expansion, and 5) launch of more new brands in the Chinese mainland and overseas. Margin improvements in 2H25E are aided by: 1) decent GP margin expansion, 2) continued improvements in rental expenses, 3) D&A expenses contraction, 4) economies of scale, and 5) higher sales mix from smaller-sized stores.
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are -1%/ -1%/ +1% vs consensus and our net profit forecasts are -2%/ -4%/ +2% vs street as we are more conservative on SSSG, as well as on the margin expansion in FY25E/ 26E but more positive on FY27E.
- **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 the downside is protected by its recent turnaround and attractive yield. The stock is trading at ~8x FY25E P/E and 6% FY25E yield.

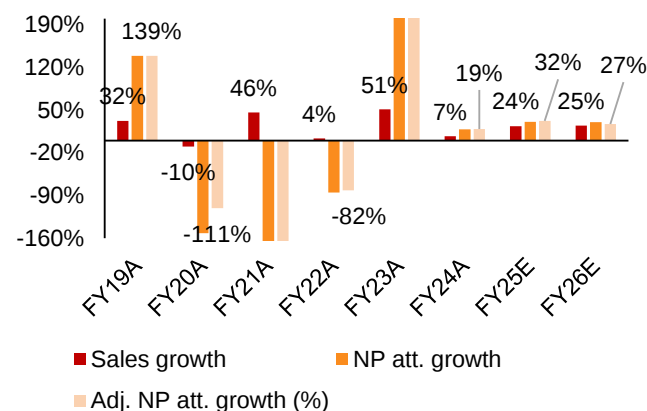
**Link to latest report:** [Green Tea Group \(6831 HK\) - Solid SSSG and margin trend will likely sustain](#)

## 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)                   | 9.5                                 | 8.1   | 6.8   | 5.1   |
| P/B (x)                   | 4.3                                 | 3.9   | 2.9   | 2.1   |
| Yield (%)                 | 5.4                                 | 6.2   | 7.4   | 9.8   |
| 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 (32% upside)

**Analyst:** Walter Woo

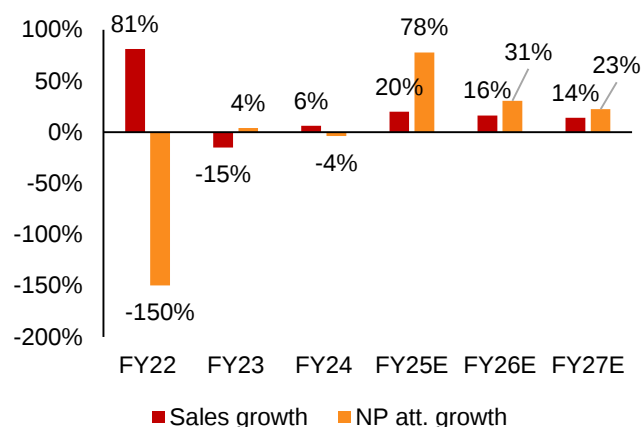
- **Investment Thesis:** Guoquan achieved retail sales of RMB11.1bn with 3% market share in 2022. The company offers a diversified product portfolio of eight major categories (hotpot, barbecue, beverages, single-serve meals, ready-to-cook meal kits, fresh food, Western cuisines, and snacks). Such a great variety can cater to diverse dining scenarios. In 2024, it generated RMB6.5bn of sales and RMB230mn of profit with 10,150 stores in China.
- **Our View:** We are still positive about 4Q25E, boosted by: 1) rising demand amid consumption trade-down, 2) relatively low base hence SSSG may still improve further (SSSG was LSD/ MSD/ MSD for Jul/ Aug/ Sep 2025), 3) blockbuster products (e.g. various hotpot combos and sauces for meals at home), 4) store revamp (e.g. there are 3,000 24-hour stores now), and 5) better training for store managers, in order to better serve and retain customers, etc.. Margins are also aided by: 1) a better product mix, 2) a more efficient supply chain, 3) potential increases in self-production mix, 4) economies of scale, and 5) operating leverage, etc.. Moreover, the recently announced share buyback programme could be supportive as well.
- **Where 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 0%/ 4%/ 7% 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, and 3) strong brand equity (in both products and channels). The stock is trading at ~17x FY26E P/E.

## 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                                 | 0.155 | 0.195 | 0.240  |
| P/E (x)                   | 40.1                                | 22.6  | 17.3  | 14.1   |
| P/B (x)                   | 2.8                                 | 2.7   | 2.5   | 2.36   |
| Yield (%)                 | 2.2                                 | 3.8   | 4.9   | 6.0    |
| 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

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

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

Rating: BUY | TP: US\$44.95 (12% upside)

Analyst: Walter Woo

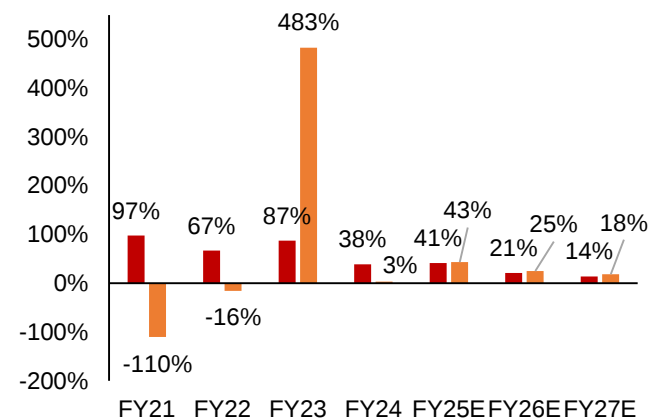
- **Investment Thesis:** Luckin is the largest and fastest-growing coffee brand in China, with 16,248 stores, sales of RMB 24.9bn and net profit of RMB 2.85bn and a market share of 21.7% in FY23. On top of quality coffee, it also emphasizes digital engagement, convenience, and competitive pricing. Growth drivers 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:** We estimate the SSSG (at least 10%) to be solid in 3Q25E and may even accelerate during the National Day golden week, thanks to: 1) hot weather, 2) scale-up in delivery subsidies, 3) decent customer retentions (due to its top-tier product and service quality), and 4) new product launches and product category expansion (e.g. fruit tea, vege tea, more flavors of Americano), etc.. For 4Q25E, supported by a rising trend of consumption trade-down, delivery subsidies and all the factors mentioned above, SSSG could still be fast. Margin-wise, there could be drags from increasing subsidies to the franchisees, but OP margin could still be decent, helped by a better product mix and stronger operating leverage.
- **Where do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are +2%/ +4%/ +5% vs street but net profit forecasts are -2%/ -5%/ -5% 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 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 in our view, as it is trading at around 22x FY25E P/E.

## 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      | 1.666    | 2.140    | 2.502    |
| P/E (x)                   | 31.8     | 22.3     | 17.9     | 15.2     |
| P/B (x)                   | 7.1      | 5.4      | 4.2      | 3.3      |
| 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

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

# Proya (603605 CH) – 1H25 earnings saved by sub-brands; Maintain BUY

Rating: BUY | TP: RMB129.83 (67% 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% and a result of 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.
- 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/ INSBABA 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, mgmt. 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 INSBABA 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 as 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 cut 3% to RMB129.83, on 30x 2025E P/E. Risks: worse-than-expected consumption sentiment, intensifying competition, and raw material price hike etc.

**Link to latest report:** [Proya Cosmetics \(603605 CH\) - 1H25 earnings saved by sub-brands; Maintain BUY](#)

## Financials and Valuations

| (YE 31 Dec)          | FY23A                                    | FY24A   | FY25E   | FY26E   | FY27E   |
|----------------------|------------------------------------------|---------|---------|---------|---------|
| Revenue (RMB mn)     | 8,905                                    | 10,778  | 11,402  | 12,158  | 12,792  |
| YoY growth (%)       | 39.5                                     | 21.0    | 5.8     | 6.6     | 5.2     |
| Net profit (RMB mn)  | 1,193.9                                  | 1,552.0 | 1,717.7 | 1,822.3 | 1,912.6 |
| YoY growth (%)       | 46.1                                     | 30.0    | 10.7    | 6.1     | 5.0     |
| EPS (Reported) (RMB) | 3.01                                     | 3.92    | 4.34    | 4.60    | 4.83    |
| Consensus EPS (RMB)  | N/A                                      | N/A     | 4.58    | 5.31    | 6.07    |
| P/E (x)              | 25.9                                     | 19.9    | 18.0    | 17.0    | 16.2    |
| P/B (x)              | 7.0                                      | 5.6     | 4.7     | 4.0     | 3.5     |
| Yield (%)            | 1.8                                      | 2.0     | 2.2     | 2.4     | 2.5     |
| ROE (%)              | 30.3                                     | 31.7    | 28.9    | 26.0    | 23.6    |
| Net gearing (%)      | Net cashNet cashNet cashNet cashNet 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 (excl. 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 (17% 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, 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 to beverage products; 3) setting specialized distributors for e-commerce, catering, 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've slashed 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 could gradually ease with operations shifting from transformation 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   | FY27E   |
|----------------------|----------------------------------------------|---------|---------|---------|---------|
| Revenue (RMB mn)     | 13,515                                       | 13,521  | 11,460  | 12,417  | 13,841  |
| YoY growth (%)       | 7.1                                          | 0.0     | (15.2)  | 8.3     | 11.5    |
| Net profit (RMB mn)  | 1,329.3                                      | 1,636.7 | 1,201.9 | 1,400.0 | 1,580.5 |
| YoY growth (%)       | 34.3                                         | 23.1    | (26.6)  | 16.5    | 12.9    |
| EPS (Reported) (RMB) | 0.66                                         | 0.79    | 0.58    | 0.68    | 0.76    |
| Consensus EPS (RMB)  | N/A                                          | N/A     | 0.70    | 0.82    | 0.93    |
| P/E (x)              | 15.2                                         | 12.8    | 17.4    | 14.9    | 13.2    |
| P/B (x)              | 2.7                                          | 1.8     | 1.7     | 1.6     | 1.5     |
| Yield (%)            | 0.0                                          | 4.8     | 2.0     | 2.3     | 2.6     |
| ROE (%)              | 21.3                                         | 18.0    | 10.5    | 11.7    | 12.1    |
| Net gearing (%)      | Net cash Net cash Net cash Net cash Net cash |         |         |         |         |

Source: Company data, Bloomberg, CMBIGM estimates

**Link to latest report:** [CR Beverage \(2460 HK\) - 1H25 earnings under ST pressure, LT gains from capacity expansion and channel reform](#)

# 3Sbio (1530 HK) – The journey of globalization has just begun

Rating: BUY | TP: HK\$37.58 (35% upside)

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** We believe 707 (PD-1/VEGF) has the potential to become a global blockbuster. Pfizer is expected to announce the global development strategy for 3SBio's 707 (PD-1/VEGF) within the year, with investor focus on the Phase III plans and combination strategies involving its ADC portfolio such as 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 near-term 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.
- **Where do we differ vs consensus:** 3SBio published Phase II clinical data of 707 combined with chemotherapy for 1L mCRC at ESMO 2025. 707 5 mg/kg Q3W + XELOX achieved an ORR of 88.24%. For comparison, China's Phase III ARTIST study reported an ORR of 35.3% for bevacizumab plus chemotherapy, with median PFS of 8.3 months and OS of 18.7 months. Akeso's ivonescimab (PD-1/VEGF) achieved an ORR of 81.8% (20 mg/kg Q2W + chemo) in a Phase II trial. These results suggest 707 may offer superior first-line efficacy versus both bevacizumab and ivonescimab.
- **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%) .

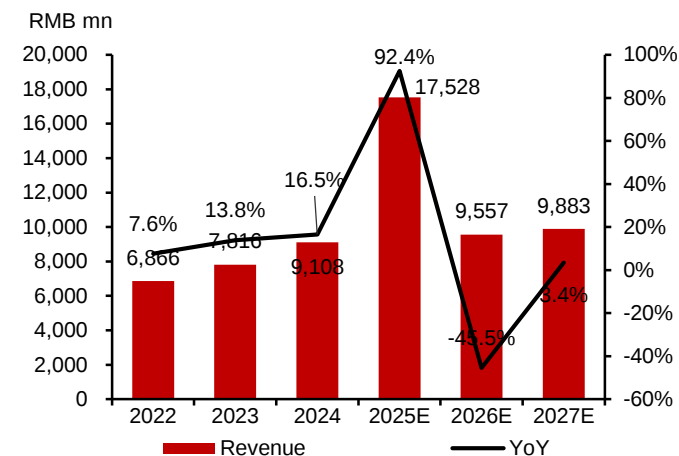
Link to latest report: [3SBio \(1530 HK\) - The journey of globalization has just begun](#)

## 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) – Expect 3Q net profit to outperform; L&H NBV uptick to advance

Rating: BUY | TP: HK\$71.0 (31% upside)

Analyst: Nika Ma

- Investment Thesis:** We expect Ping An's net profit to rise by 36%/8% in 3Q25E/ 9M25E to RMB128.7bn, largely improving from a contraction of 9% YoY in 1H25. For L&H line, we project Ping An Life's NBV growth to reach 45% on a like-for-like basis in 9M25E, driven by robust sales momentum ahead of the PIR cut in 3Q25 and continued margin expansion. On P&C front, we expect 3Q25E CoR to end at 96.8% due to eased catastrophic claims on top of a high base. The net loss from AM business will continue to narrow, driven by enhanced bottom line of Ping An Securities and a strengthened AUM of Ping An Asset Management. Group OPAT is likely to benefit from L&H, P&C and AM segments' profit growth, and we expect the increase to exceed that of 2Q25 (4.9%)/1H25 (3.7%) to 8% in 3Q25E.
- Catalysts/concerns:** 1) Continued product transition towards participating product, which could trim the guaranteed cost of liability for new business issuance. Ping An's breakeven yield of in-force and new biz is less than 2.5%/2.2% respectively, and we expect the yield for new business policies to continue to narrow; 2) L&H NBV could rise on a like-for-like basis in FY25E, despite a slowdown in sales in 4Q25E; 3) revaluation losses on conversion value of previously issued USD/HKD convertible bonds, given the share price ticking upward. Driven by a successive layer of profitable new business, we expect the insurer's CSM release to turn into a positive trajectory in FY26E which could further enhance the L&H OPAT uptrend.
- Increased H-share banks' allocation; equity outperformance to advance NAV.** In 3Q25, CSI 300/HSI indices grew 18%/12%, boosting the insurer's equity gains booked in P/L. Ping An has enhanced its stock positions in SOE banks since the year-start, and the majority were assigned to FVOCI. As of Oct 17, the Group's position in ICBC (1398 HK)/ ABC (1288 HK)/CMB (3968 HK)/PSB (1658 HK) amounted to 18.08%/19.02%/ 17.00%/17.01%, with each bank's share price rallying 10%/19%/17%/19% in 1-9M25. We remain upbeat on the rise of H-share banks to boost the insurer's OPAT growth and NAV.
- Valuation:** The stock is trading at FY25E 0.6x FY25E P/EV, with an average 3yr ROE at 13% and a yield of 5.4%. Our SOTP-based on TP of HK\$71.0 implies 0.8x FY25E P/EV and 1.1x FY25E P/B. Key risks include prolonged low interest rate; intensified equity market volatilities; weaker-than-expected sales momentum, etc.

## Financials and Valuations

| (YE 31 Dec)         | FY24A   | FY25E   | FY26E   | FY27E   |
|---------------------|---------|---------|---------|---------|
| Net profit (RMB mn) | 126,607 | 129,869 | 141,020 | 153,192 |
| EPS (RMB)           | 7.16    | 7.39    | 8.02    | 8.71    |
| Consensus EPS (RMB) | N/A     | 7.15    | 7.78    | 8.63    |
| P/EV (x)            | 0.6     | 0.6     | 0.6     | 0.5     |
| P/B (x)             | 1.0     | 0.9     | 0.8     | 0.7     |
| Dividend yield (%)  | 5.2     | 5.4     | 5.6     | 5.9     |
| ROE (%)             | 13.9    | 13.0    | 12.7    | 12.7    |

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Share price and P/EV(x) valuation band



Source: Bloomberg, CMBIGM estimates

# PICC P&C (2328 HK) – CoR guidance enhanced; non-auto to benefit from regulation

**Rating:** BUY | **TP:** HK\$21.6 (16% upside)

**Analyst:** Nika Ma

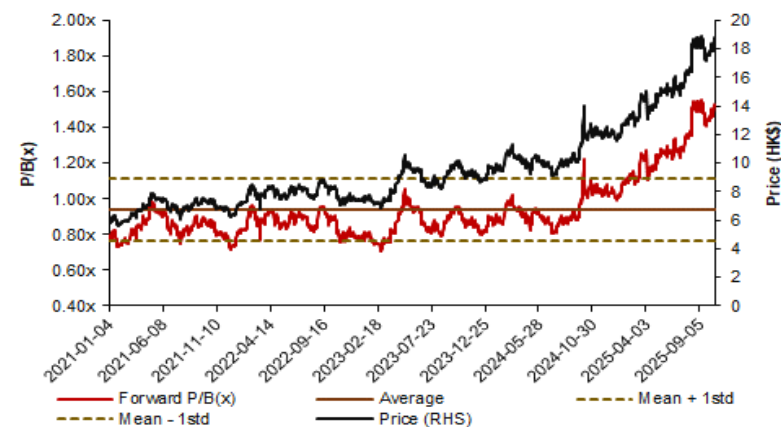
- Investment Thesis:** We expect 3Q25E CoR to improve by more than 2pct YoY in 3Q25E to 96% given strengthened underwriting base and eased catastrophic claims on top of a high base in 3Q24. PICC P&C beat in 1H earnings, with net profit up 32.3% YoY to RMB 24.5bn, translating to a 4.1% rise in 2Q25. 1H25 CoR dropped 1.4pct YoY to 94.8%, with expense ratio down 3.1pct YoY to 23.0%, offset by the loss ratio tick-up of 1.7pct YoY to 71.8%, vs. peers Ping An/CPIC/Sunshine/ZhongAn/TPI's CoR at 95.2%/96.3%/98.8%/95.6%/95.5%. Auto/non-auto CoR improved by 2.2pct/0.1pct YoY to 94.2%/95.7% in 1H25, well meeting the guidance of CoR of less than 96%/99% set at year-start. Net asset value jump was thanks to the climb of retained earnings (+24%) and reserves (+10%). Key catalysts in 2H25E may include 1) the implementation of *Integration of Reporting and Operations* for non-auto insurance, which would take effect in November 2025. We expect the regulation on non-auto segment's expense rate controls could prop up the industry top player's underwriting profitability; 2) auto insurance going overseas has been launched amid strong NEV exports, etc.
- 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 control partially offset by claims tick-up. **Auto:** expense ratio dropped 4.1pct YoY to 21.1% in 1H25, 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%).
- 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    | 1.76   | 1.89   | 2.05   |
| 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: 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 (13% 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 growth to maintain solid growth in FY25E, backed by monetization revamp of key legacy titles and incremental contribution of new games; 3) stepped-up AI investment will drive marketing and cloud business revenue growth.
- **Our View:** Tencent 2Q25 total revenue/non-IFRS operating income grew by 15%/18% YoY to RMB184.5/69.2bn, 3%/4% ahead of Bloomberg consensus estimates, 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) enhanced Video Account monetization supports better-than-expected revenue growth and GPM expansion; 3) solid performance of legacy and new titles like *Delta Force* 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.

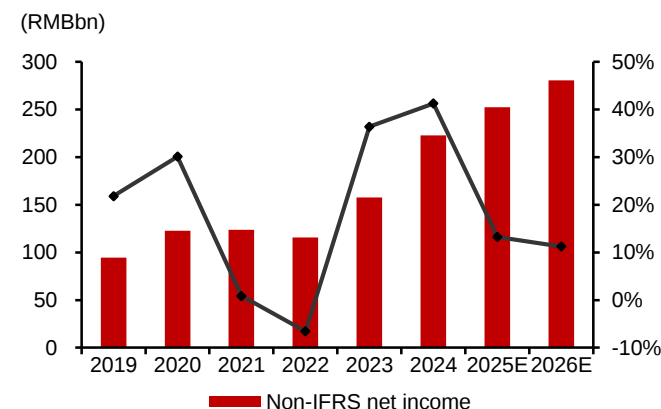
**Link to latest report:** [Tencent \(700 HK\) - 2Q25 results: strong games and marketing businesses; AI drove business growth](#)

## 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    | 56.9    |
| Adj. net profit (RMB mn) | 222,703 | 252,172 | 280,505 | 300,423 |
| EPS (Adjusted) (RMB)     | 23.96   | 27.17   | 30.68   | 33.36   |
| Consensus EPS (RMB)      | 23.96   | 27.02   | 30.35   | 33.72   |
| Non-IFRS P/E (x)         | 23.6    | 20.8    | 18.4    | 16.7    |

Source: Company data, Bloomberg, CMBIGM estimates

**Fig: Non-IFRS net income growth**



Source: Company data, CMBIGM estimates

# Alibaba (BABA US) – Quick commerce investment peaked out; accelerating AI adoption

Rating: BUY | TP: US\$209.4 (25% 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 2QFY26E (March year-end), we expect Alibaba Group Holding (Alibaba) to deliver revenue growth of 2% YoY, broadly inline with Bloomberg consensus, with customer management revenue (CMR) and Cloud Intelligence Group (CIG) revenue growth standing at 10% and 30%, respectively. Although we have baked in the RMB37.4bn impact on adjusted EBITA from investment in quick commerce (QC) business, we believe the investment should have peaked out in 2QFY26 and its impact on earnings will start to fade in 3QFY26E as QC is on track to halve unit economics loss by end-Oct 2025. We fine-tune our target price to US\$209.4 (was US\$210.3) to reflect adjustments in earnings forecast. Alibaba remains one of the key beneficiaries under the AI theme, in our view, and both its capex investment and investment to accelerate AI adoption internally and externally should propel revenue and earnings growth over the long run. Maintain BUY.
- Catalysts:** 1) Better-than-expected cloud revenue growth aided by increase in inference demand, which should propel an expansion in cloud valuation; 2) better-than-expected CMR growth driven by better-than-expected increase in penetration of Quanzhantui; and 3) positive update regarding fintech business investees.
- Valuation:** SOTP-based valuation of US\$209.4, which translates into 23x FY27E PE.

## Financials and Valuations

| (YE 31 Mar)                  | FY25A     | FY26E     | FY27E     | FY28E     |
|------------------------------|-----------|-----------|-----------|-----------|
| Revenue (RMB mn)             | 996,347   | 1,026,003 | 1,139,610 | 1,257,614 |
| Adjusted net profit (RMB mn) | 158,095.0 | 107,915.6 | 146,453.7 | 186,792.9 |
| EPS (Adjusted) (RMB)         | 67.31     | 47.36     | 66.27     | 84.52     |
| P/E (x)                      | 22.5      | 27.3      | 21.3      | 16.3      |

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     | \$/ADS       | Value split |
|-----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|-------------|-----------------------------|---------|----------|------------------|----------------|--------------|-------------|
| 1                                                   | Alibaba China E-commerce Group | 12x FY28E EV/EBITA; assume 20% tax rate on adjusted EBITA; discount back with 11% WACC  |             | 21,273                      | 12.0    |          | 1,491,753        | 207,188        | 88.5         | 42%         |
| 2                                                   | Commerce Group                 | 1.5x FY26E EV/S                                                                         | 21,678      |                             |         | 1.5      | 234,118          | 32,516         | 13.9         | 7%          |
|                                                     | Cloud Intelligence Group       | 7.5x FY27E EV/S on revenue before intersegment elimination; discount back with 11% WACC | 28,094      |                             |         | 7.5      | 1,366,741        | 189,825        | 81.0         | 39%         |
| 4                                                   | All others                     | 1.0x FY26E EV/S                                                                         | 34,914      |                             |         | 1.0      | 251,384          | 34,914         | 14.9         | 7%          |
| <b>Total Alibaba business</b>                       |                                |                                                                                         |             |                             |         |          | <b>3,343,996</b> | <b>464,444</b> | <b>198.3</b> |             |
| <b>INVESTMENTS</b>                                  |                                |                                                                                         |             |                             |         |          |                  |                |              |             |
| 1                                                   | Ant Group                      | Last round share buyback valuation; 33% share holding                                   |             |                             |         |          | 187,143          | 25,992         | 11.1         |             |
| 2                                                   | Others                         | Market valuation                                                                        |             |                             |         |          | 79,526           | 11,045         | 4.7          |             |
| <b>Total investment (with 30% holding discount)</b> |                                |                                                                                         |             |                             |         |          |                  |                | <b>11.1</b>  | <b>5%</b>   |
| <b>Total (US\$m)</b>                                |                                |                                                                                         |             |                             |         |          |                  |                | <b>209.4</b> |             |
|                                                     |                                | #s of diluted ADS (mn)                                                                  |             |                             |         |          |                  |                |              | 2,342       |

Source: Company data, CMBIGM estimates

Link to latest report: [Alibaba \(BABA US\) – Quick commerce investment peaked out; accelerating AI adoption](#)

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

**Rating:** BUY | **TP:** US\$76.0 (8% 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:** DCF-based valuation of US\$76.0, which translates into 21/19x 25/26E PE (non-GAAP).

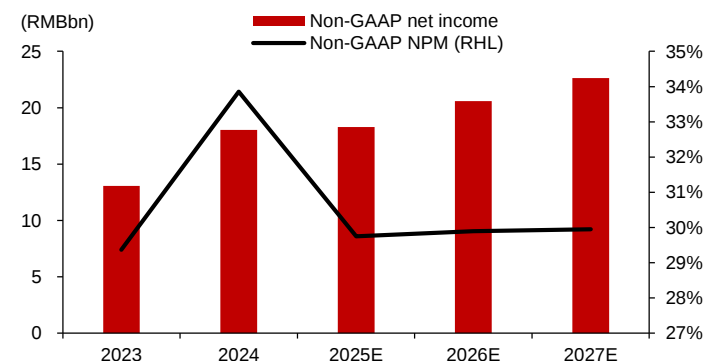
**Link to latest report:** [Trip.com Group \(TCOM US\) – 2Q results beat; resilient revenue and earnings growth to sustain](#)

## 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 (42% upside)

Analysts: Miao Zhang

- Greentown Service's 1H25 net profit (NP) rose 22.6% YoY and core operating profit (=GP-SG&A) rose 25.3% YoY, far exceeding the 15% full-year guidance set by mgmt earlier. Revenue grew 6.1% YoY in 1H, with resilient core PM biz (+10.2% YoY) driven by strong third-party expansion (especially non-residential projects). Non-owner VAS 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 +0.5/1.8ppts YoY), and the trend is likely to sustain in the full year, in our view.
- 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 was up 12% YoY and non-residential projects up 16% YoY; 2) Avg. PM fee increased to RMB3.21/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 0.4ppts 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.** 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 >RMB4.0bn. We see pressure in new contract wins (only RMB1.52bn, 38% secured in 1H25), while we think core OP growth may exceed guidance by maintaining 1H25's momentum.
- Maintain BUY.** We have raised TP by 8% to HK\$6.61 (22x 2025E P/E), reflecting earnings upgrades partially offset by a 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 payments). Risks: 1) weak third-party expansion; 2) greater-than-expected gross margin pressure; and 3) decline in developer-related business.

Link to latest report: [Greentown Service \(2869 HK\) - Solid growth driven by notable efficiency gains](#)

## Financials and Valuations

| (YE 31 Dec)          | FY23A    | FY24A    | FY25E    | FY26E    | FY27E    |
|----------------------|----------|----------|----------|----------|----------|
| Revenue (RMB mn)     | 16,812   | 17,893   | 19,192   | 20,550   | 21,971   |
| YoY growth (%)       | 13.2     | 6.4      | 7.3      | 7.1      | 6.9      |
| Net profit (RMB mn)  | 605.4    | 785.1    | 874.5    | 1,000.5  | 1,100.8  |
| YoY growth (%)       | 0.19     | 0.25     | 0.28     | 0.32     | 0.35     |
| EPS (Reported) (RMB) | 11.7     | 31.6     | 11.4     | 14.4     | 10.0     |
| Consensus EPS (RMB)  | na       | na       | 0.29     | 0.34     | 0.38     |
| P/E (x)              | 22.0     | 16.8     | 15.0     | 13.1     | 11.9     |
| P/B (x)              | 2.2      | 1.9      | 1.8      | 1.8      | 1.8      |
| Yield (%)            | 3.3      | 4.5      | 5.0      | 5.7      | 6.3      |
| ROE (%)              | 8.3      | 10.3     | 11.0     | 12.2     | 13.2     |
| Net gearing (%)      | Net cash | 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 (34% 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 the long term, as well as GPM expansion given the premiumization strategy and core technology in self-developed chips, OS and imaging; 2) IoT: China subsidies, 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 at 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.
- **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\$62.96 implies 26.3x FY26E P/E, which reflect Xiaomi's business diversification with different growth profiles and visibility.

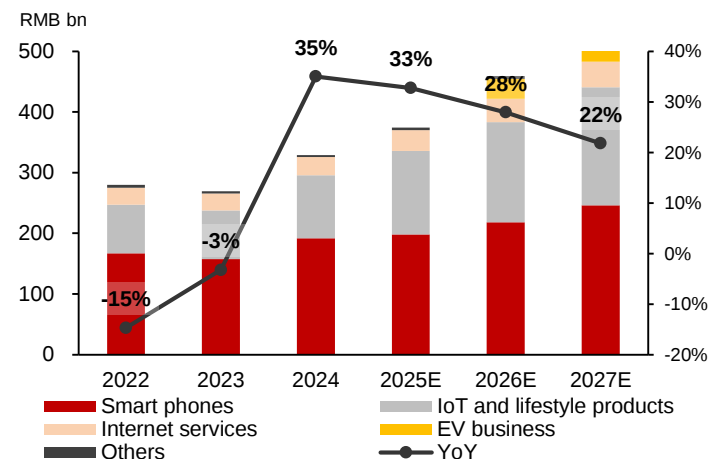
**Link to latest report:** [Xiaomi \(1810 HK\) - 2Q25 in line; Solid EV/IoT momentum offset by softer smartphone outlook](#)

## 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      | 1.64     | 2.13     | 2.64     |
| P/E (x)             | 38.5     | 24.5     | 21.9     | 18.0     |
| P/B (x)             | 6.6      | 4.6      | 4.4      | 3.6      |
| 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 (55% 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 shipments of 10-15mn/20mn in FY25/26E and HCM GPM at 4-6%. 4) MEMS & sensors: FY25E sales to grow 100% YoY with GPM at 15-20%.
- **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\$60.55 implies 25.3x FY25E P/E.

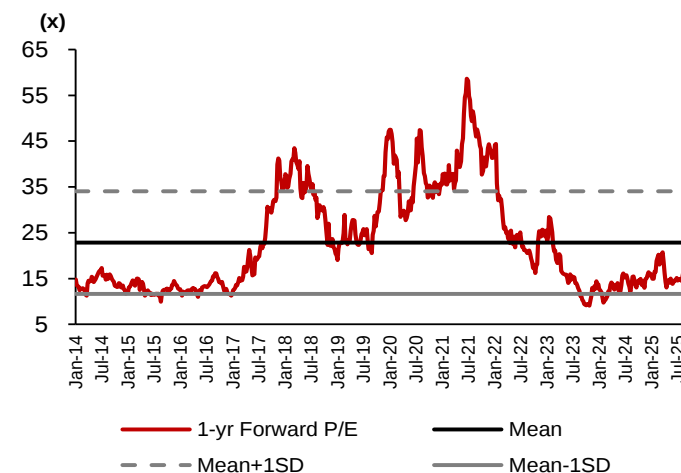
**Link to latest report:** [AAC Tech \(2018 HK\) - 1H25 upgrade cycle in 2H25E in-line despite GPM dip; Solid outlook intact on AI-driven upgrade cycle in 2H25E](#)

## 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    | 2.08     | 2.49     | 2.89     |
| P/E (x)             | 22.9   | 16.2     | 12.8     | 10.9     |
| P/B (x)             | 1.8    | 1.6      | 1.5      | 1.3      |
| Yield (%)           | 0.7    | 1.0      | 1.5      | 1.7      |
| ROE (%)             | 7.8    | 10.0     | 11.5     | 12.2     |
| Net gearing (%)     |        | 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 (23% upside)

**Analysts:** Alex Ng/ Hanqing Li

- **Investment Thesis:** BYDE is a global leader in platform-based high-end manufacturing, focusing on smartphones/NBs, new intelligent products, auto intelligent systems and medical devices. Its major clients include Apple, Xiaomi, Huawei/Honor, BYD and other OEM brands. We believe BYDE will benefit from 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 an 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 racks will start shipment in late 2026 or 2027. 4) Robotics: AMR of 2k units in operations and upgrade in 3<sup>rd</sup>-gen dexterous hands.
- **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 shipment, and new NEV/AI server products' 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.

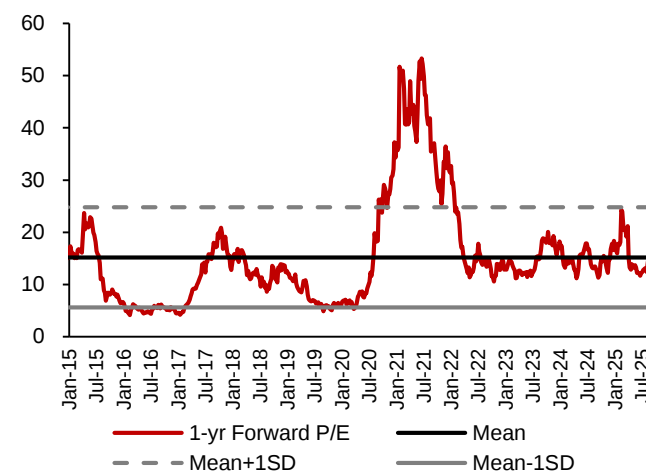
**Link to latest report:** [BYDE \(285 HK\) - 2Q25 upbeat; Multiple growth drivers in foldable iPhone, auto and AI server \(liquid cooling, power, 800G/1.6G/CPO\)](#)

## 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) | N/A                                 | 2.20    | 2.86    | 3.53    |
| P/E (x)             | 18.1                                | 15.4    | 13.0    | 10.1    |
| P/B (x)             | 2.9                                 | 2.6     | 2.3     | 2.1     |
| Yield (%)           | 1.5                                 | 1.8     | 2.1     | 2.7     |
| 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 (51% 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 a 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, in our view.
- Risks:** 1) Unfavorable gov’t policies regarding vehicle autonomy, 2) slower-than-expected R&D, and 3) supply chain uncertainties.
- Valuation:** Maintain BUY, with TP of HK\$12.3, based on 30x 2030E P/E.

## Links to relevant reports:

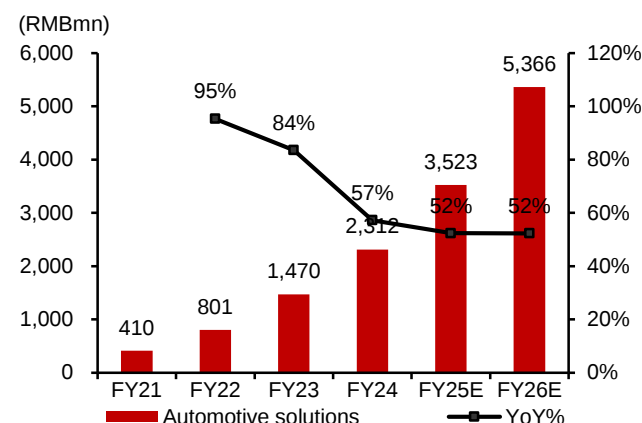
- [Horizon Robotics \(9660 HK\) - 1H25 results: ASP and volume surged, driving 68% sales growth](#)
- [Semiconductors - China’s ADAS/AD players are set to gain ground at accelerated pace](#)

## 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)              | 60.9    | 39.6  | 25.8    | 16.9    | 10.8  |
| ROE (%)              | na      | na    | (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 (36% 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% (+1.3ppt 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 well 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, we believe OmniVision's diversified portfolio, structural tailwinds in auto and emerging imaging, and improving profitability should support a positive long-term outlook.
- **Risks:** 1) Worsening China-US trade relations, 2) heightened geopolitical tensions, and 3) slower-than-expected R&D.
- **Valuation:** Maintain BUY, with at RMB173, corresponding to 33.6x 2026E P/E.

## Links to relevant reports:

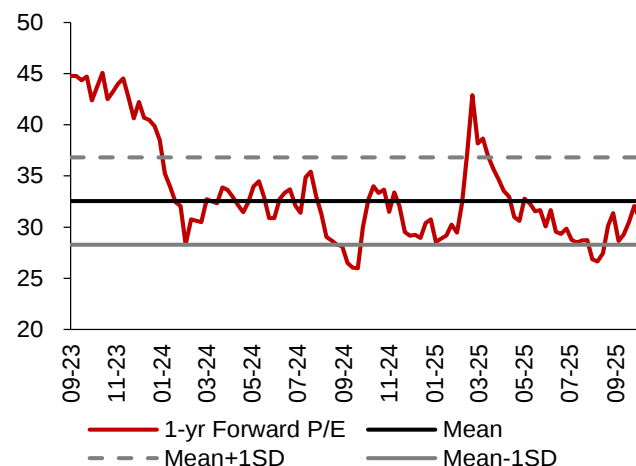
1. [OmniVision \(603501 CH\) - Solid 1H25 results; Maintain BUY](#)
2. [OmniVision \(603501 CH\) - Solid 1Q25 earnings driven by robust auto momentum; Maintain BUY](#)
3. [OmniVision \(603501 CH\) - True beneficiary of accelerating domestic AI innovation & autonomous driving penetration](#)

## 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)             | 282.4  | 47.9   | 38.5   | 25.7   | 20.2   |

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 (96% 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 +3.3ppt 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 at 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, in our view.
- **Key risks:** Slower SKU expansion, capacity bottlenecks, and customer concentration.
- **Valuation:** Maintain BUY with TP at HK\$93, based on 26.6x 2025E P/E.

## Links to relevant reports:

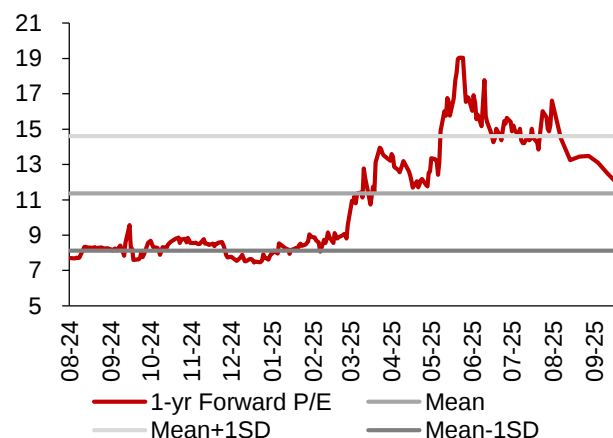
1. [BaTeLab \(2149 HK\) - Maintaining high profitability amid strategic shifts; Expect stronger 2H25](#)
2. [BaTeLab \(2149 HK\) - Analog IC gem with sustained growth potential ahead](#)
3. [BaTeLab \(2149 HK\) - Potential EDA restrictions not to impede growth](#)

## 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)              | 18.1  | 15.8  | 13.7  | 10.9  | 8.7   |

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 (15% 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% (-6ppt 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 at 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, we believe the company's broad portfolio, localization policy support, and expanding market share should 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 at RMB460, based on 35x FY26E P/E.

## Links to relevant reports:

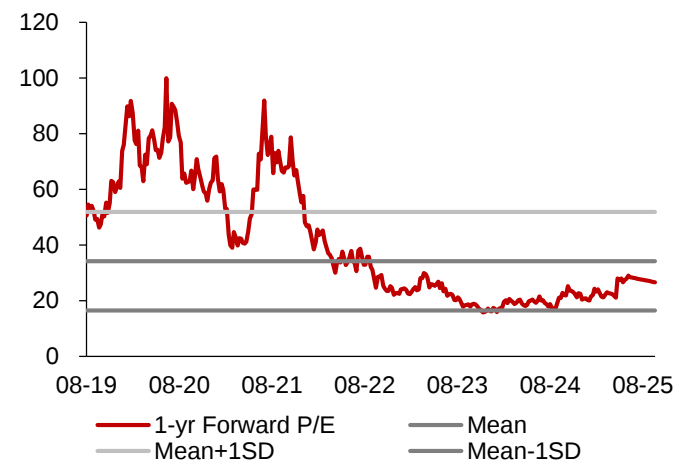
1. [Naura Technology \(002371 CH\) - Intact long-term growth trajectory despite seasonal fluctuations; Maintain BUY](#)
2. [Naura Technology \(002371 CH\) - Solid FY24 earnings amid accelerated semi supply chain domestication](#)
3. [Naura Technology \(002371 CH\) - Solid Q3 earnings signal intact growth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

## Financials and Valuations

| (YE 31 Dec)         | FY23A   | FY24A   | FY25A   | FY26E   | FY27E    |
|---------------------|---------|---------|---------|---------|----------|
| Revenue (RMB mn)    | 22,079  | 29,838  | 39,473  | 49,588  | 59,236   |
| 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)             | 75.3    | 52.4    | 40.6    | 31.5    | 25.7     |

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 360 platform, Salesforce is now one of the largest suppliers of enterprise AI in the world. We expect AI application to remain 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, with a 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 (+120% YoY), within which the agentic AI ARR reached US\$440mn (+400% 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. Driving by the agentic growth opportunity, management guided: 1) total revenue to surpass US\$60bn in FY30E, representing an organic growth CAGR of >10% over FY26-30E; 2) "rule of 50" (subs & support CC growth + non-GAAP OPM = 50%)
- **Catalysts:** 1) Improved monetization of Agentic AI solutions and solid sales momentum of Agentforce; 2) enhanced margin outlook on efficiency improvement; 3) deepened cooperation with leading LLM providers.
- **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).

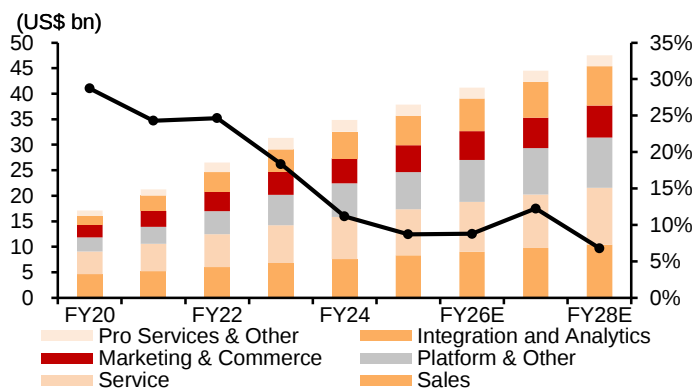
**Link to latest report:** [Salesforce \(CRM US\) – Inline 2QFY26 results; intact long-term outlook for AI and data cloud](#)

## 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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