

CMBI Research Focus List

Our best high conviction ideas



18 Nov 2025

CMBI Focus List – Long and short ideas

Company	Ticker	Sector	Rating	M cap (US\$ bn)	3M ADTV (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY24A	P/E (x) FY25E	P/B (x) FY24A	ROE (%) FY24A	Yield FY24A	Analyst
Long Ideas														
Geely Automobile	175 HK	Auto	BUY	22.2	159.3	17.1	25.00	47%	9.50	9.10	1.80	19.9	2.0%	Shi Ji/ Wenjing Dou/ Austin Liang
Leapmotor	9863 HK	Auto	BUY	9.2	56.9	53.0	73.00	38%	N/A	78.10	6.60	N/A	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
J&T Express	1519 HK	Logistics	BUY	11.1	41.8	9.7	13.40	38%	55.50	32.00	3.90	7.20	0.0%	Wayne Fung
SANY International	631 HK	Capital Goods	BUY	2.9	7.5	7.1	8.90	26%	19.50	9.30	1.80	15.5	4.0%	Wayne Fung
Bosideng	3998 HK	Consumer Discretionary	BUY	7.7	14.8	5.1	5.55	8%	N/A	14.10	N/A	N/A	N/A	Walter Woo
Guoquan Food	2517 HK	Consumer Discretionary	BUY	1.4	9.3	4.1	4.80	19%	47.20	26.60	3.30	7.4	1.8%	Walter Woo
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	11.3	80.1	40.0	44.95	12%	30.00	21.00	6.70	25.8	0.0%	Walter Woo
Proya	603605 CH	Consumer Staples	BUY	4.0	71.3	71.6	129.83	81%	18.40	16.70	5.20	31.7	2.2%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	3.3	8.2	10.7	12.85	20%	12.50	17.00	1.70	18.0	4.9%	Miao Zhang
3Sbio	1530 HK	Healthcare	BUY	10.0	157.2	32.1	37.58	17%	N/A	7.20	N/A	N/A	N/A	Jill Wu/ Cathy Wang
China Life	2628 HK	Insurance	BUY	151.4	219.3	26.3	31.00	18%	N/A	N/A	1.40	21.7	2.6%	Nika Ma
Ping An	2318 HK	Insurance	BUY	145.5	299.0	58.3	75.00	29%	N/A	N/A	1.10	13.9	4.7%	Nika Ma
PICC P&C	2328 HK	Insurance	BUY	53.0	55.4	18.5	23.60	27%	N/A	N/A	1.48	13.0	3.2%	Nika Ma
FUTU Holdings	FUTU US	Financials	BUY	23.5	419.9	168.6	226.00	34%	35.90	20.50	7.20	20.7	N/A	Nika Ma
Tencent	700 HK	Internet	BUY	741.0	1396.9	630.5	760.00	21%	34.20	24.20	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	376.3	3121.8	157.7	209.40	33%	N/A	22.50	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu
Trip.com	TCOM US	Internet	BUY	46.3	163.9	70.9	76.00	7%	18.00	10.50	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao LU
Greentown Service	2869 HK	Property	BUY	1.9	2.8	4.7	6.61	40%	17.70	15.90	2.00	10.3	4.2%	Miao Zhang
Luxshare	002475 CH	Technology	BUY	58.5	1625.1	57.2	75.55	32%	30.40	23.50	4.70	15.8	0.0%	Alex Ng/ Hanqing Li
AAC Tech	2018 HK	Technology	BUY	5.8	42.5	38.2	60.55	59%	23.60	16.60	1.80	7.8	0.7%	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	9.5	137.0	32.7	43.54	33%	16.60	16.50	2.60	13.2	1.6%	Alex Ng/ Hanqing Li
Innolight	300308 CH	Semi	BUY	75.6	2621.9	483.9	591.00	22%	98.10	47.20	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Shengyi Tech	600183 CH	Semi	BUY	19.5	382.7	57.0	90.00	58%	76.80	39.30	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
BaTeLab	2149 HK	Semi	BUY	0.4	1.3	45.9	93.00	102%	18.10	18.20	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Naura	002371 CH	Semi	BUY	43.4	609.4	426.0	460.00	8%	52.40	40.60	N/A	N/A	N/A	Lily Yang/ Kevin Zhang
Salesforce	CRM US	Software & IT services	BUY	225.7	2184.7	237.0	388.00	64%	29.00	23.30	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao

Source: Bloomberg, CMBIGM. Data as of 18/11/2025 12:30 p.m.

Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Bosideng	3998 HK	Consumer Discretionary	BUY	Walter Woo	We have turned more positive on the 2025-2026 winter, due to industry reasons (colder than last year weather during double 11, hence sales growth and discounts are good, chance of La Nina is now higher than 50%, and the late CNY etc.) and company specific reasons (new product launches, more upgrades around functionality, trendiness and diversity, store formats and customer experience etc.). Also, the 7% FY26E yield is attractive too.
China Life	2628 HK	Insurance	BUY	Nika Ma	A low base of insurance service results in 4Q24, dragged by a sharp decline in spot interest rate (-51bps), could benefit a profit turnaround in 4Q25. We expect the interest rate to likely range-bound at a low level in 4Q25E rather than experiencing another sharp decrease. Besides, the increasing allocation in open-market equity investments could further boost the insurer's investment income and earnings flexibility.
FUTU Holdings	FUTU US	Financials	BUY	Nika Ma	As a pioneered internet brokerage leader, we are upbeat on Futu's enriching product offerings underpinned by advanced technology infrastructure and product and service iterations. The HK/US stock markets sustained strong turnover momentum combined with a HIBOR recovery in 3Q25, which we believe there is headroom for the broker's 3Q EPS upward revision.
Luxshare	002475 CH	Technology	BUY	Alex Ng/ Hanqing Li	We expect Luxshare to benefit from upcoming iPhone 17/foldable cycle, synergy from Leoni/ODM integration, and strong AI server component pipeline (connectivity/thermal/power). Trading at 23.5x/18.7x FY25/26E P/E (vs 27% EPS CAGR in 2025-27E), the stock offers attractive risk/reward in our view.
Innolight	300308 CH	Semi	BUY	Lily Yang/ Kevin Zhang	As a global leader in optical transceivers, the company is a primary beneficiary of ongoing data center bandwidth upgrades and upward revisions in capital expenditure from major cloud service providers. Its earnings visibility remains exceptionally high. The stock has recently experienced a pullback, creating a more attractive entry point.
Shengyi Tech	600183 CH	Semi	BUY	Lily Yang/ Kevin Zhang	As a key upstream supplier of high-end CCL, Shengyi is poised to capture the benefits of both volume growth and rising value-per-unit as demand for AI servers, which require more sophisticated PCBs, continues to accelerate. The stock has recently experienced a pullback, creating a more attractive entry point.

Source: CMBIGM

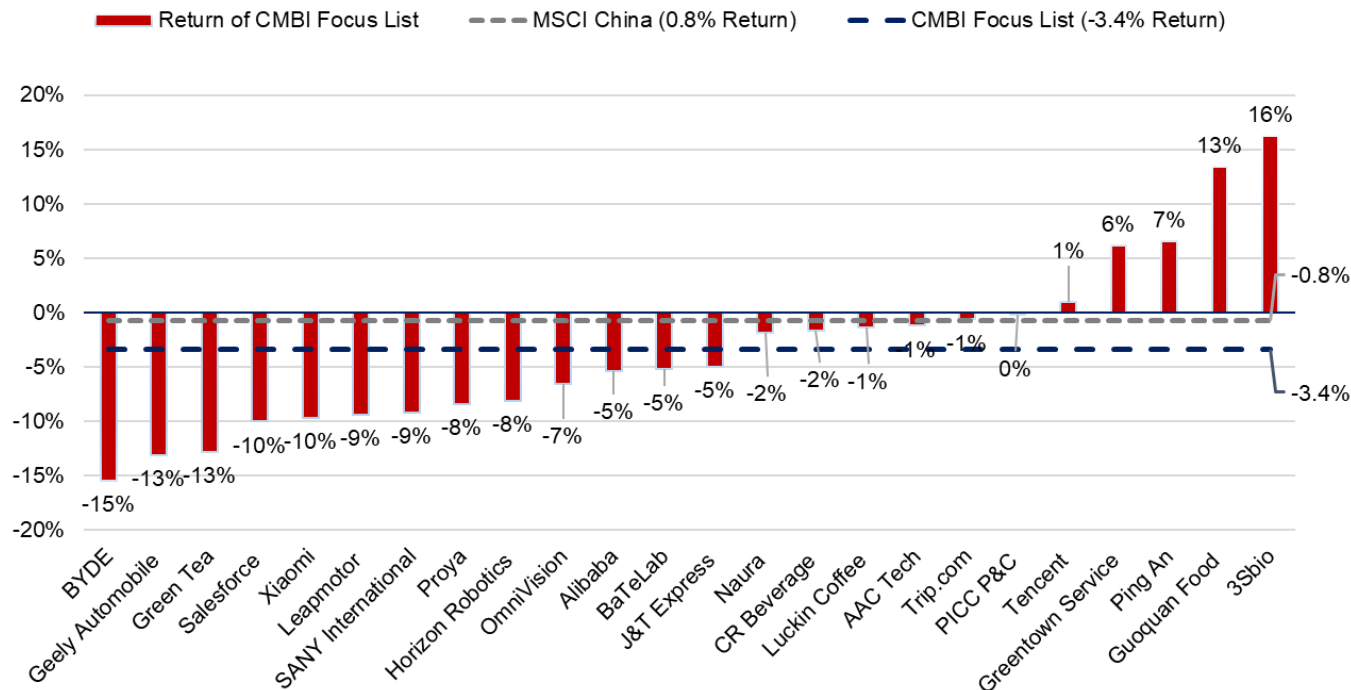
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Deletions					
Green Tea	6831 HK	Consumer Discretionary	BUY	Walter Woo	While we are still positive on its mid-term sales growth and market share gains, after the slightly weaker than expected numbers in Sep and Oct 2025, we are concerned about the near-term pressure, such as: 1) decreasing appetite for casual dining under the weak macro environment and 2) continual drags and dilution on dine-in business because the delivery subsidies.
Xiaomi	1810 HK	Technology	BUY	Alex Ng/ Hanqing Li	We believe the stock will remain range-bound in the near term given overhangs on memory cost hike and fading subsidy effect.
Horizon Robotics	9660 HK	Semi	BUY	Lily Yang/ Kevin Zhang	We continue to view the company as a leader in the China ADAS chip space. However, we remove it due to a lack of near-term catalysts.
OmniVision	603501 CH	Semi	BUY	Lily Yang/ Kevin Zhang	We acknowledge OmniVision's strong competitive position in the smartphone CIS market. Nonetheless, we are removing it from our list due to a lack of near-term catalysts.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 21 Oct 2025, we highlighted a list of 24 long ideas.
- The basket (equal weighted) of these 24 stocks underperformed MSCI China index by 2.6 ppts, delivering -3.4% return (vs MSCI China -0.8%).
- 5 out of the 24 stocks outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 21 Oct 2025 to 17 Nov 2025

Long Ideas

Geely Automobile (175 HK) – We see margin lift potential on a solid 3Q25

Rating: BUY | **TP:** HK\$25.00 (47% upside)

Analysts: Shi Ji/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We view Geely's 3Q25 earnings as solid and we believe Geely could accomplish its both sales and GPM targets in FY25. We are of the opinion that Geely's sales volume growth could continue at least throughout FY26, given its current comprehensive NEV model line-up and well-received new models including the Galaxy M9, A7 and Zeekr 9X. We also expect these new models, along with rising NEV exports, to lift its margins in FY26. We believe Geely is well positioned among its peers with attractive valuation.
- **Better product mix to lift margins in 4Q25 and FY26.** We are of the view that QoQ GPM decline in 3Q25 could be short-lived, as high-margin new models, including the Zeekr 9X, Lynk & Co 900 and Galaxy M9 are to contribute more sales volume in 4Q25 and FY26. We project the sales volume of these three models combined to more than double YoY to 285,000 units in FY26 with a gross margin range of 20-31%. Therefore, we expect GPMs in 4Q25 and FY26 to be 17.1% and 17.8%, respectively.
- **Rising NEV exports to fuel sales volume, margins in FY26.** Geely's NEV exports accelerated from Aug 2025, with an average monthly volume of 13,700 units in Aug-Oct 2025, doubled from the average in Jan-Jul 2025, aided by the Galaxy *Starship 7* and Zeekr 7X. We expect Geely's NEV exports to almost triple YoY to 0.3mn units in FY26, as more models are set to be sold abroad. These exports could also contribute higher GPM.
- **Earnings/Valuation.** We project Geely's sales volume in FY25-26 to be 3.08mn/3.42mn units, with about half of growth in FY26 from exports. We estimate FY25 net profit to be RMB17.4bn, implying 4Q25 net profit forecast of RMB4.3bn. We revise up FY26-27 net profit forecasts by 7.5%/9.0% to RMB20.0bn/RMB21.3bn, respectively. We maintain our BUY rating and target price of HK\$25.00, based on 12x our 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.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	240,194	346,288	385,418	410,136
YoY growth (%)	34.0	44.2	11.3	6.4
Net profit (RMB mn)	16,632.4	17,441.9	20,025.4	21,311.1
YoY growth (%)	213.3	4.9	14.8	6.4
EPS (Reported) (RMB)	1.65	1.72	1.96	2.07
P/E (x)	9.5	9.1	8.0	7.6
P/B (x)	1.8	1.8	1.5	1.4
Yield (%)	2.0	4.4	5.0	5.3
ROE (%)	19.9	19.7	20.5	19.1
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Link to latest report: [Geely Automobile \(175 HK\) - We see margin lift potential on a solid 3Q25](#)

Leapmotor (9863 HK) – 4Q25 NP to be more resilient; D19 key to FY26E

Rating: BUY | **TP:** HK\$73.00 (38% upside)

Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We view Leapmotor's 3Q25 vehicle gross margin of 13.3% as resilient, although its net profit of RMB150mn missed our expectation due to lower-than-expected other revenue. We believe Leapmotor could accomplish both of its sales volume and net profit targets in FY25E, and expect its strong sales momentum to continue throughout FY26E. We project its overseas sales volume to more than double YoY in FY26E while domestic sales could be fuelled by two A-series and two D-series models. FY26E NP may surge 4x YoY to RMB3.5bn, based on our estimates.
- **4Q25E earnings could be more resilient.** We revise up our FY25E sales volume forecast by 20,000 units to 0.62mn units, implying 4Q25E sales volume of 224,000 units (+29% QoQ). We project 4Q25E net profit to surge 4.5x QoQ to RMB677mn after taking into account the potential income from CO₂ credits of RMB500mn.
- **Strong sales momentum to continue in FY26E.** Leapmotor targets overseas sales volume to be 0.10-0.15mn units in 2026, which could be attainable in our view, as new orders already exceed 25,000 units in Oct-Nov 2025. We expect Leapmotor's total sales volume to rise 52% YoY to 0.94mn units in FY25E, driven by the Lafa 5 and four brand-new models (two D-series and two A-series models). The pre-launch deposits for the brand-new *D19*, which had its debut on 16 Oct, have far exceeded management's expectation. The success of *B10* and *B01* also gives us more confidence in its upcoming A-series. Therefore, we expect its FY26E net profit to surge 4x YoY to RMB3.5bn.
- **Valuation/Key risks.** We maintain our BUY rating. Our target price of HK\$73.00 is based on 1.0x our FY26E P/S, corresponding to a 28x FY26E P/E and 20x FY27E P/E. 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	68,151	97,743	116,856
YoY growth (%)	92.1	111.9	43.4	19.6
Gross margin (%)	8.4	14.5	14.6	14.1
Operating profit (RMB mn)	(3,171.1)	507.9	2,748.0	3,747.0
Net profit (RMB mn)	(2,820.8)	860.3	3,506.6	4,951.1
YoY growth (%)	N/A	N/A	307.6	41.2
EPS (Reported) (RMB cents)	(210.98)	64.11	246.74	344.74
P/S (x)	2.2	1.0	0.7	0.6
P/E (x)	N/A	78.1	20.3	14.5
P/B (x)	6.6	4.8	4.0	3.1

Source: Company data, Bloomberg, CMBIGM estimates

Link to latest report: [Leapmotor \(9863 HK\) - 4Q25 NP to be more resilient; D19 key to FY26E](#)

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

Rating: BUY | **TP:** HK\$13.4 (38% upside)

Analyst: Wayne Fung

- **Investment Thesis:** J&T's express delivery business spans 13 countries, covering seven countries across SEA, including Indonesia, Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore, and China, 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 Southeast Asia (SEA) with a respectable market share of 32.8% (1H25). In China, J&T ranked number five 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.
- **Why do we differ vs consensus:** Our earnings forecast in 2025E/26E is 2-5% below 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 outlook. 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	0.10
EV/EBITDA (x)	15.3	11.6	9.0	7.5
P/E (x)	55.5	32.0	19.1	14.6
P/B (x)	3.9	3.6	3.1	2.6
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 (US\$ mn)	Multiple (x)	Value (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%
Total EV				15,031	100%
Add: Net cash (end 2024)				55	
Minus: MI				0	
Equity value				15,086	
Target price					
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 (26% upside)

Analyst: Wayne Fung

- **Investment Thesis:** SANYI has been expanding into new business segment, including lithium battery, intelligent coal mining, hydrogen and solar segment. Besides, the expansion of overseas mining trucks will help SANYI further reduce the cyclical nature from the traditional coal mining equipment in the domestic market.
- **Our View:** We expect SANYI to return to a growth trajectory in 2025E, driven by strong growth of large-size port equipment and improvement in overseas mining trucks in 2H25E, which will offset the relatively weak sales of combined coal mining units (CCMUs) and road headers domestically. Besides, the emerging business segments (mainly lithium battery) and recovery of oil & gas equipment will serve as new growth drivers.
- **Why do we differ vs consensus:** Our earnings forecast in 2025E/26E is 6%/2% below consensus, due to our more conservative forecast on coal mining equipment segment.
- **Catalysts:** (1) improvement of coal mining capex; (2) better-than-expected oversea 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 ~9x as attractive, given the improving visibility of earnings recovery.

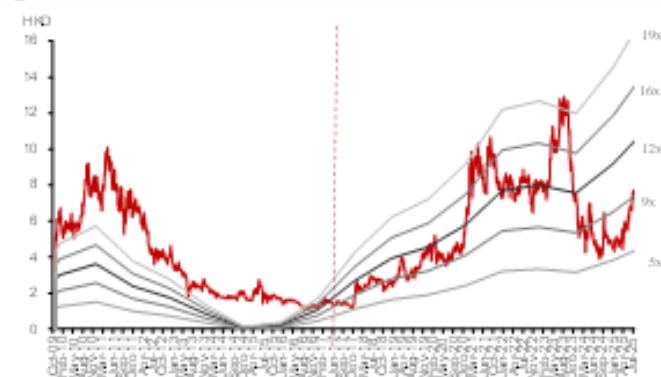
Link to latest report: [SANY International \(631 HK\) - 2Q25E profit in-line; Raise earnings forecast on new business growth & expense control](#)

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)	10.1	5.7	4.7	4.1
P/E (x)	19.5	9.3	7.3	6.3
P/B (x)	1.8	1.6	1.4	1.2
Yield (%)	4.0	4.3	5.5	6.3
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

Bosideng (3998 HK) – Prudent guidance but we are still confident

Rating: BUY | **TP:** HK\$5.55 (8% upside)

Analyst: Walter Woo

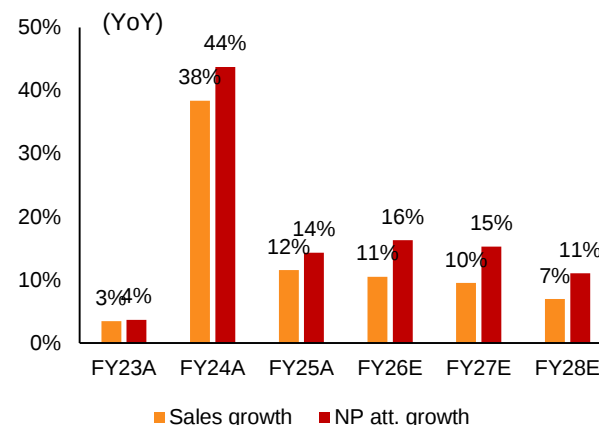
- **Investment Thesis:** Bosideng with superior fashion, digital capability and efficiency should gain more market shares in the long run. Bosideng is not only the largest down apparel brand in China, but also a leading manufacturer in the world. It owns the BOSIDENG, SNOWFLYING brands, etc. and has over 5,300 offline stores. Growth drivers include: 1) sales per store growth (both ASP and volume), 2) more online and direct retail sales, 3) gradual penetration of down apparel in China.
- **Our View:** We are more positive on the 2025-2026 winter, thanks to industry reasons such as: 1) favourable weather, temperature was warmer than last year during Sep and early Oct 2025, but got much colder in late Oct and Nov 2025, and chances of having La Nina is higher than 50%, 2) the late CNY in 2026, and company specific reasons like: 1) product upgrades around functionality, trendiness and diversity, 2) improvement on the youthfulness, including many crossovers (e.g. Kim Jones), 3) continual restructuring of offline stores and 4) further enhanced customer and membership experiences, etc.. 1H25E results may be subdued (flatish sales growth and mild net profit growth) but should be priced in already.
- **Why do we differ vs consensus:** For FY26E/ 27E/ 28E, our net profit forecasts are +1%/ +3%/ +0% vs street as we are cautious on sales growth, but more positive on OP margin improvement, by solid operating leverage.
- **Catalysts:** 1) better-than-expected government stimulus, 2) positive feedback on new products and 3) favorable weather.
- **Valuation:** We derive our 12m TP of HK\$5.55 based on 13x FY26E P/E. We believe successful new product launches, further upgrades around store formats and experience, favourable weather and late CNY may lead to a further re-rating. The stock is trading at 12x FY26E P/E and a 7% yield.

Financials and Valuations

(YE 30 Jun)	FY25A	FY26E	FY27E	FY28E
Sales (RMB mn)	25,902	28,624	31,351	33,535
YoY change (%)	11.6	10.5	9.5	7.0
Net profit (RMB mn)	3,514	4,086	4,709	5,229
EPS - Fully diluted (RMB)	0.305	0.354	0.408	0.453
YoY change (%)	13.2	16.3	15.3	11.0
Consensus EPS (RMB)	N/A	0.365	0.410	0.466
P/E (x)	14.1	12.1	10.5	9.5
P/B (x)	3.4	3.2	2.9	2.7
Yield (%)	6.0	6.6	7.6	8.5
ROE (%)	24.8	27.0	28.8	29.5
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: [Bosideng \(3998 HK\) – Prudent guidance but we are still confident](#)

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

Rating: BUY | **TP:** HK\$4.80 (19% upside)

Analyst: Walter Woo

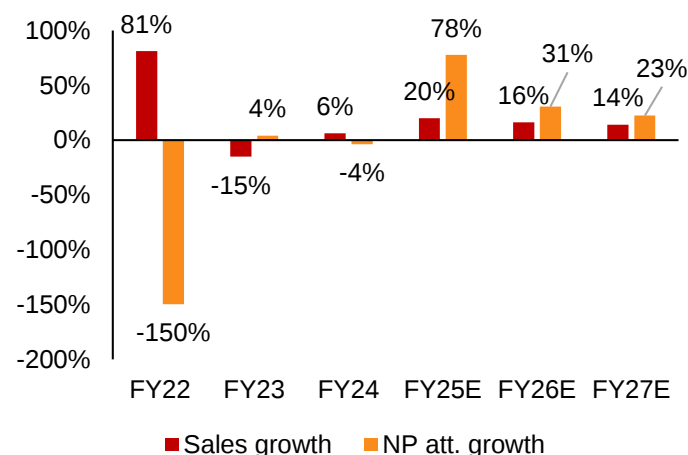
- **Investment Thesis:** Guoquan achieved retail sales of RMB11.1bn with 3% market share in 2022. The company offers a diversified product portfolio of eight major categories (hotpots, barbecue, beverages, single-serve meals, ready-to-cook meal kits, fresh food, Western cuisines, and snacks). Such a great variety can cater for diverse dining scenarios. In 2024, it achieved RMB 6.5bn sales and RMB 230mn profit with 10,150 stores in China.
- **Our View:** We are still positive about 4Q25E, boosted by: 1) rising demand of consumption trade down, 2) relatively low base hence SSSG may still improve further (SSSG were 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 24hours stores now), and 5) better training for store managers, in order to better serve and retain customers, etc.. Margin-wise are also aided by: 1) better product mix, 2) more efficient supply chain, 3) potential increases in self-production mix, 4) economies of scales and 5) operating leverage, etc.. Moreover, the recently announced share buyback programme could be supportive as well.
- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are 3%/ 3%/ 1% higher than consensus while our net profit forecasts are 1%/ 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 are justified, due to: 1) its vertically integrated business model, 2) massive store network, 3) strong brand equity (in both products and channels). The stock is trading at ~20x 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)	47.2	26.6	20.4	16.6
P/B (x)	3.3	3.1	3.0	2.78
Yield (%)	1.8	3.2	4.2	5.1
ROE (%)	7.4	12.1	15.0	17.3
Net debt/ equity (%)		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

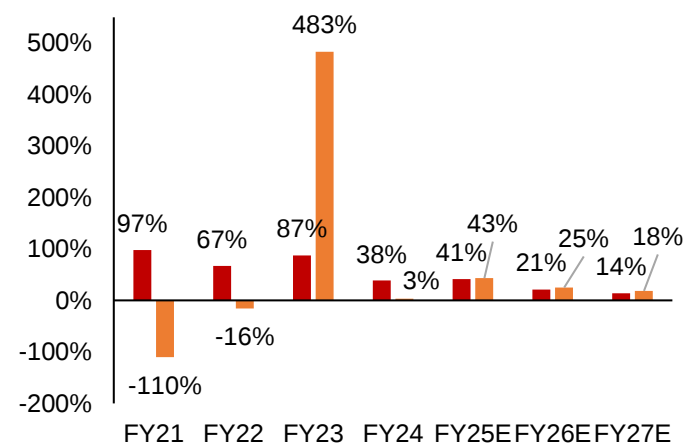
- **Investment Thesis:** It is the largest and fastest-growing coffee brand in China, with 16,248 stores, sales of RMB 24.9bn, net profit of RMB 2.85bn and a market share of 21.7% in FY23. On top of quality coffee, it also emphasizes digital engagement, convenience, and competitive pricing. Growth drivers 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 be accelerated 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 favours of Americano), etc.. For 4Q25E, supported by rising appetite of consumption trade down, delivery subsidies and all the factors mentioned above, SSSG could still be fast. Margin-wise, there are drags from increasing subsidies to the franchisees, and OP margin could still be decent, helped by better product mix and stronger operating leverage.
- **Why do we differ vs consensus:** For FY25E/ 26E/ 27E, our sales forecasts are +2%/ +3%/ +4% vs street but net profit forecasts are +3%/ +1%/ -1% 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, as it is trading at around 21x 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)	30.0	21.0	16.9	14.4
P/B (x)	6.7	5.1	3.9	3.1
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	25.8	27.7	26.4	24.2
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

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 (81% 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 of RMB129.83, on 30x 2025E P/E. Risks: worse-than-expected consumption sentiment, intensifying competition, and raw material price hike etc.

Financials and Valuations

(YE 31 Dec)	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)	24.0	18.4	16.7	15.7	15.0
P/B (x)	6.5	5.2	4.4	3.7	3.2
Yield (%)	1.9	2.2	2.4	2.6	2.7
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	3Q25	3Q25 YoY	3Q25 QoQ
Revenue	2,182	2,820	1,965	3,812	2,359	3,003	1,736	-11.6%	-42.2%
Gross Profit	1,530	1,962	1,766	2,437	1,717	2,217	1,296	-27%	-42%
Selling expenses	1,022	1,318	892	1,929	1,077	1,582	866	-3%	-45%
Administrative expenses (excl.R&D)	97	80	96	93	99	78	113	18%	44%
Research and development expenses	47	48	48	68	43	52	47	-2%	-10%
Net profit	303	399	298	553	390	408	227	-24%	-44%
Gross Profit Margin	70.1%	69.6%	89.9%	63.9%	72.8%	73.8%	74.7%	-15.2 ppt	0.8 ppt
Selling expenses ratio	46.8%	46.7%	45.4%	50.6%	45.6%	52.7%	49.9%	4.5 ppt	-2.8 ppt
Administrative expenses ratio	4.5%	2.8%	4.9%	2.4%	4.2%	2.6%	6.5%	1.6 ppt	3.9 ppt
R&D ratio	2.2%	1.7%	2.4%	1.8%	1.8%	1.7%	2.7%	0.3 ppt	1.0 ppt
Net Margin	13.9%	14.1%	15.1%	14.5%	16.5%	13.6%	13.1%	-2.1 ppt	-0.5 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 (20% 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.** Our TP of HK\$ 12.85 is to reflect earnings pressure. The 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)	14.9	12.5	17.0	14.6	13.0
P/B (x)	2.7	1.7	1.7	1.6	1.4
Yield (%)	0.0	4.9	2.1	2.4	2.7
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

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

Rating: BUY | TP: HK\$37.58 (17% upside)

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** We believe 707 (PD-1/VEGF) has the potential to become a global blockbuster. Pfizer has initiated two global Phase 3 trials evaluating 707 in combination with chemotherapy, targeting 1L NSCLC and 1L mCRC, respectively. In addition, Pfizer has launched the first Phase 1/2 trial of 707 in combination with an ADC—specifically, 707+SV (the IB6 ADC)—for the treatment of NSCLC. The company plans to initiate at least 17 clinical studies for 707 by the end of 2026E. In our view, the global advancement of 707 represents a key near-term catalyst for 3SBio's growth.
- **Our View: (1) Pfizer accelerates global development of 707.** Pfizer is positioning 707 as a leading PD-1/VEGF bispecific antibody and aims to establish it as a backbone therapy across multiple tumor types. Management has emphasized a focused strategy centered on speed, breadth, and depth in 707's development. In addition to the three registered studies noted above, Pfizer will soon initiate four new clinical trials across various indications, including la/mHCC, la/mUC, la/mRCC, and 1L ES-SCLC. A key differentiator of 707's development strategy is the speed at which Pfizer can advance 707 through clinical development. We think Pfizer's global scale in clinical operations and supply provides agility for worldwide clinical development. **(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) 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. We expect further clinical readouts across these pipelines.
- **Why do we differ vs consensus:** We believe 707 has potential to outpace key competitors in global clinical timelines. Based on trial initiation dates, 707 plus chemotherapy LAGS Ivonescimab by ~25 months in 1L sq-NSCLC and by 9–11 months in 1L nsq-NSCLC, but may be slightly ahead in 1L mCRC. Given Pfizer's strong clinical capabilities, we expect 707 to potentially outpace in 1L nsq-NSCLC, while maintaining an early advantage in mCRC. Additionally, BioNTech initiated several Ph1/2 trials of BNT327 in combination with ADCs in early 2025, while 707 initiated its Ph1/2 trial with SV in Nov 2025. Despite the later start, we think Pfizer's extensive experience in combining ADCs with I/Os such as Keytruda positions 707 well to potentially lead in the ADC-combination landscape.
- **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%) .

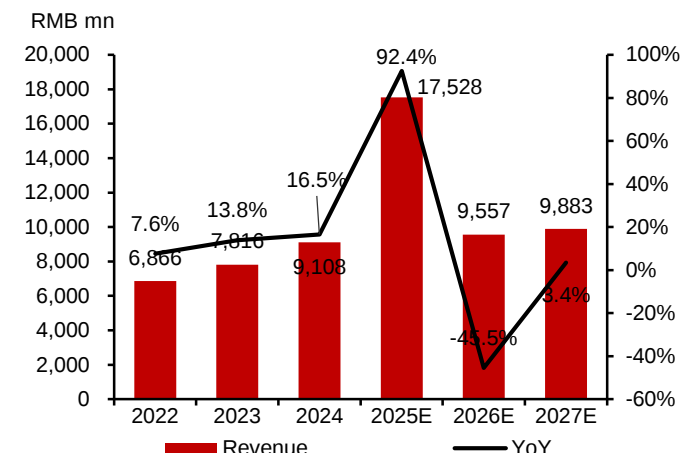
Link to latest report: [3SBio \(1530 HK\) - The journey of globalization has just begun](#)

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

China Life (2628 HK) – 4Q low earnings base; expect strong FY25E NBV growth

Rating: BUY | TP: HK\$31.0 (18% upside)

Analyst: Nika Ma

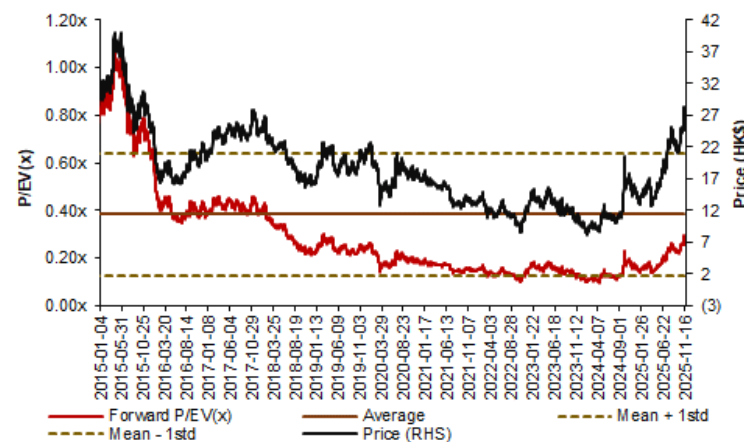
- Investment Thesis:** China Life has a low base of earnings in 4Q24 dragged by a sharp decline in spot interest rate i.e. China's govt. bond yield fell 51bps to 1.68%, which adversely impacted the insurer's insurance service result (-136% YOY) to a loss of RMB 9.1bn in 4Q24. We expect suchlike interest rate shock in 4Q last year unlikely to occur in 4Q25, and with increased proportion of equity investments, the insurer's net earnings could outperform on back of a dual strength of underwriting and investment, in our view. NBV jumped 41.8% like-for-like in 9M25, doubled from 20.3% in 1H25, which we estimate the 3Q NBV could be more-than-doubled on a LFL basis, bolstered by both strong FYP increase (+53% YoY) in 3Q25 and margin expansion. In 4Q25E, new products launched following the PIR cut in Sep 2025 could further strengthen NBV margin, with strong bancassurance NBV uptick likely to sustain. We uplift our FY25E NBV growth forecast to 38% YoY.
- Catalysts/concerns:** 1) the jumpstart sales started in 4Q25E amid continued shift towards participating products. In 9M25, the proportion of FYRP from floating-yield products rose over 45pct YoY, marking a significant progress in continued product transition to par. Looking into FY26E, we expect the par transition to further deepen across the industry, and China Life could benefit from its balanced UW structure; 2) a trend of increasing proportion in open-market equity investments likely to sustain. In 9M25, the insurer has invested over RMB380bn into the open-market equity, of which the increment in 3Q25 amounted to RMB 230bn. We expect to see a more balanced allocation in TPL vs. OCI equities by year-end compared to that of 1H25.
- Valuation:** The stock is trading at FY25E 0.4x FY25E P/EV and 1.1x FY25E P/B, with the average 3yr forward ROE rising to 22% and a yield >4%. We raised our TP to HK\$31 post-3Q results and uplift our FY25E-27E EPS forecasts to RMB 6.03/4.41/4.95 by taking into account of the outstanding 3Q net earnings (+91.5% YoY) to RMB 126.9bn. Our TP implies 0.5x FY25E P/EV and 1.2x FY25E P/B.
- Downside risks:** 1) heightened equity market volatilities; 2) prolonged low interest rate environment; 3) weaker-than-expected jumpstart sales 4Q25E/1Q26E; 4) slower-than-expected new business sales or transition to par products; 5) a sharp decline in the scale of life sales agents, etc.
- Link to latest report:** [China Life \(2628 HK\) - 3Q net earnings almost doubled on a high base](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	106,935	170,551	124,736	139,950
EPS (RMB)	3.78	6.03	4.41	4.95
Consensus EPS (RMB)	N/A	3.91	3.77	4.10
P/EV (x)	0.5	0.4	0.4	0.4
P/B (x)	1.4	1.1	1.0	0.9
Dividend yield (%)	2.6	4.3	4.4	4.7
ROE (%)	21.7	29.5	18.3	18.5

Source: Company data, Bloomberg, CMBIGM estimates

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



Source: Bloomberg, CMBIGM estimates

Ping An (2318 HK) – AM drag eased; improving business quality across-the-board

Rating: BUY | **TP:** HK\$75.0 (29% upside)

Analyst: Nika Ma

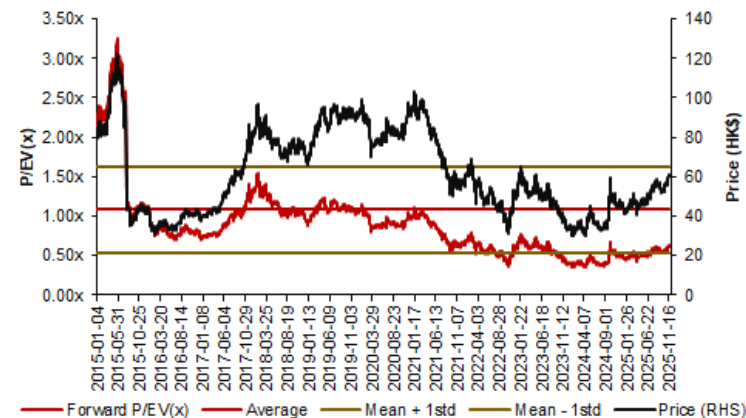
- **Investment Thesis:** 1) 3Q25 earnings beat driving an upward revision on full-year earnings estimate. We raise our FY25E-27E EPS forecasts by 9%/4%/5% to RMB 8.03/8.31/9.17 (previous: RMB 7.39/8.02/8.71) to reflect the Group's improving biz quality across-the-board, esp. the profit turnaround in AM and Fintech segments; 2) Core business lines' OPAT (i.e. L&H, P&C, and PAB) steadily grew, with L&H's edging up 1.9%/0.6% YoY in 9M/3Q25 to RMB79bn (68% mix). NBV rose 46.2% YoY to RMB 35.7bn in 9M25, translating into a 58.3% YoY lift in 3Q25. Driven by resilient NBV upticks and improving operating variances, we expect the CSM release to back in a positive growth trajectory in 2H26E, which could bolster the L&H OPAT uptrend over the long run; 3) AM drags progressively eased. Ping An's continued de-risking process in the AM segment started to bear fruit. In 3Q25, the AM's net loss reduced to RMB 69mn, trimming from a RMB 3.6bn loss in 3Q24, which supported the segment's profit turnaround to RMB2.7bn in 9M25 (vs. 9M24: a loss of RMB 2.3bn); 4) earnings recovery in Fintech amid intra-Group synergies.
- **3Q financial highlight:** 1) **OPAT:** Group OPAT rallied 15.2% YoY to RMB38.5bn in 3Q25, marking a step-up from 2.4%/4.9% YoY in 1Q/2Q25. OPAT of the three core segments increased 2.6% YoY in 3Q25, of which L&H/P&C/PAB OPAT was up 0.6%/26.2%/down 2.8% YoY. 2) **NPAT:** Group NPAT rose 45.4% YoY to RMB 64.8bn in 3Q25. If excluding one-off impact of non-operating items (-RMB 9.3bn), the NPAT would surge 82% YoY to RMB 68.6bn in 3Q25. 3) **NAV:** rose 6.2% from year-start to RMB 986.4bn; and if added back distributed dividends amounted to RMB 46.8bn, the growth would further tick up to 11.3% from year-start (CMBI est).
- **Consistent stock allocation strategy focusing on OCI.** In 9M25, NIY/CIY was 2.8%/5.4% (unannualized), down 0.3pct/up 1.0pct YoY. The strong stock market performance in 3Q was the key earnings driver, in our view. Ping An owns a lower mix of TPL stocks (vs. OCI) compared to peers, for which by 1H25, the insurer's OCI/TPL mix was 65%/35% vs. China Life's 23%/77% and NCI's 20%/80%. The consistent high-yield strategy could benefit for robust long-term investment returns.
- **Valuation:** The stock is trading at FY25E 0.6x FY25E P/EV and 0.9x FY25E P/B, with an average 3yr forward ROE at 13.4% and a yield of 4.9%. We raise our TP based on SOTP to HK\$75, which implies 0.8x FY25E P/EV and 1.2x FY25E P/B.
- **Link to latest report:** [Ping An \(2318 HK\)-3Q earnings beat; improving business quality with catalysts across-the-board worth to expect](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	126,607	141,127	146,154	161,201
EPS (RMB)	7.16	8.03	8.31	9.17
Consensus EPS (RMB)	N/A	7.52	7.93	8.78
P/EV (x)	0.7	0.6	0.6	0.5
P/B (x)	1.1	0.9	0.9	0.8
Dividend yield (%)	4.7	4.9	5.1	5.4
ROE (%)	13.9	14.1	13.0	13.0

Source: Company data, Bloomberg, CMBIGM estimates

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



Source: Bloomberg, CMBIGM estimates

PICC P&C (2328 HK) – Catalysts on auto overseas expansion and non-auto CoR

Rating: BUY | **TP:** HK\$23.6 (27% upside)

Analyst: Nika Ma

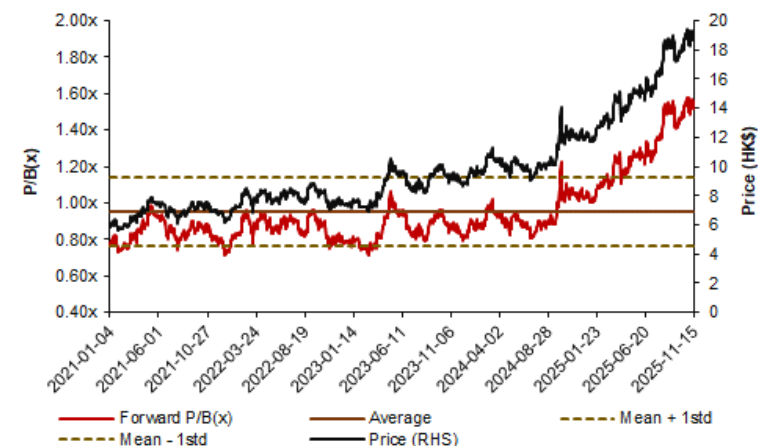
- **Investment Thesis:** 1) dual strength in UW and investment results underpins for an earnings uptrend. We lift our FY25E-27E EPS forecasts by 11%/6%/6% to RMB 1.86/1.94/2.17 to reflect the stronger-than-expected investment results, and CoR improvement led by stringent expense control; 2) UW CoR improved 2.1pct YoY to 96.1% in 9M25, with auto/non-auto CoR each down 2.0pct/2.5pct YoY to 94.8%/98.0% respectively, outpacing major peers. We see the prudent expense management effectively implemented in both auto and non-auto lines, giving rise to a trimmed expense ratio to offset the increase in claims ratio. The annual CoR guidance of 97% was met by end-9M25, driving us to upgrade our full-year CoR forecast to 96.6% (vs. previous: 97%), with auto/non-auto CoR forecasts to be 95.1%/99.0% (previous: 95.8%/99.0%); 3) more UW profitability upside to expect from the comprehensive non-auto insurance rectification taking effect on Nov. 1; 4) auto insurance overseas expansion constructs a second growth curve, which by 2030E, the mgmt. aims to achieve 30% of premiums from overseas markets.
- **Key forecasts change:** Given proactive expense rate control and an optimized UW structure tilting to household NEVs, we trim our auto CoR estimate to 95.1% (previous: 95.8%). Auto premium growth paced down to 3.1% YoY in 9M25, due to the easing retail automotive sales momentum, which propelled us to lower the annual auto premium growth target to 3.2% YoY (previous: 4.0%). Non-auto CoR remained at 99%(unchanged) as we think the comprehensive rectification taking effect on Nov.1, which could result in limited impact to the print of FY25E. We expect more observable improvement on non-auto CoR to realize in FY26E/27E.
- **BUY with TP of HK\$23.6.** The stock is trading at 1.35x FY25E P/B with an average 3yr forward ROE at 15% and a yield of 4.3%. Our new TP derived from P/B-ROE implies 1.7x FY25E P/B, with an upside of 26%. Looking ahead, we think the auto insurance overseas expansions could construct a second growth curve of earnings on top of domestic automotive sales, which we have not yet baked in positive impacts on auto premium growth in our model, and price target.
- **Downside risks:** deteriorated CoR in 4Q25E; weaker-than-expected retail auto sales volumes; prolonged low interest rate and increased stock market volatilities.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	32,161	41,307	43,118	48,155
EPS (RMB)	1.45	1.86	1.94	2.17
Consensus EPS (RMB)	N/A	1.84	1.93	2.10
Combined ratio (%)	98.8	96.6	96.2	95.6
P/B (x)	1.48	1.35	1.26	1.17
Dividend yield (%)	3.2	4.3	4.5	5.1
ROE (%)	13.0	15.2	14.7	15.2

Source: Company data, Bloomberg, CMBIGM estimates

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



Source: Bloomberg, CMBIGM estimates

FUTU Holdings (FUTU US) – 3Q25 EPS upside to reinforce long-term convictions

Rating: BUY | **TP:** US\$ 226 (34% upside)

Analyst: Nika Ma

▪ **Investment Thesis:** 3Q25E EPS shows potential for upside, as HK and US stock markets sustained strong turnover momentum during the quarter, rising 30%/6% QoQ to HK\$18.6tn/US\$53tn. The HSI and NASDAQ index gained 12%/11% QoQ with the VIX index down 2.7% QoQ, which could support a rise of favorable mark-to-market capital gains. We expect the broker's new paying clients to be on track, meeting the annual target of 800k, while net asset inflows may sequentially moderate due to a high base in 2Q25. We anticipate the trading volume to sustain a sequential rise driven by robust client AUM and solid velocity. The 3M HIBOR rebounded back to above 3.5% in Sep, alleviating concerns to net interest income. We project NII to sequentially drop in 3Q25, partly due to the impact of a rate cut cycle. Cost per new client acquisition (CAC) could remain below the guidance of HK2.5k-3k. We see upside in 3Q EPS by 1) higher trading velocity (*CMBI est:* 14x in 2H25E vs. 16.1x in 1H25), and 2) the interest income from our current estimate.

▪ **Catalysts/concerns:** 1) 3Q earnings release on Nov 18 (Wed), 2025; 2) the Fed meeting to decide whether settling another 25bps rate cut in Dec 2025; 3) crypto-related campaigns across operating markets, and updates on HK's VATP license.

▪ **Risk-reward remains attractive.** Futu's ADR is trading at 21x/19x FY25/26E P/E, buoyed by the tariff truce and improving liquidity from the Fed rate cut. Even if the market begins pricing in 3Q25 earnings revision, we regard current valuation as undemanding. On a relative basis, Futu's 12M forward P/E has traded at 15x-20x P/E since July 2025 with an avg. three-year forward ROE at 25.2%, compared to peer averages of 36x/31x FY25/26E P/E and 19.7% ROE. If taking into account of our bull-case scenario, which implies 21% upside to FY26E earnings, the current share price corresponds to 16x FY26E P/E, below its five-year average of 18.6x. Reiterate BUY with TP at US\$226, which corresponds to 26x/23x FY25E/26E P/E.

▪ **Downside risks:** 1) heightened HK/US stock market fluctuations; 2) intensified interest rate uncertainties amid Sino-US tariff tensions and Fed rate policy; 3) high price volatility of cryptocurrencies; 4) surging risk-off sentiment that could drag the trading momentum, etc.

▪ **Links to latest reports:**

▪ 1. [Futu Holdings \(FUTU US\) - Marketing feedback: short-term views mixed; 3Q EPS upside to reinforce long-term convictions](#)

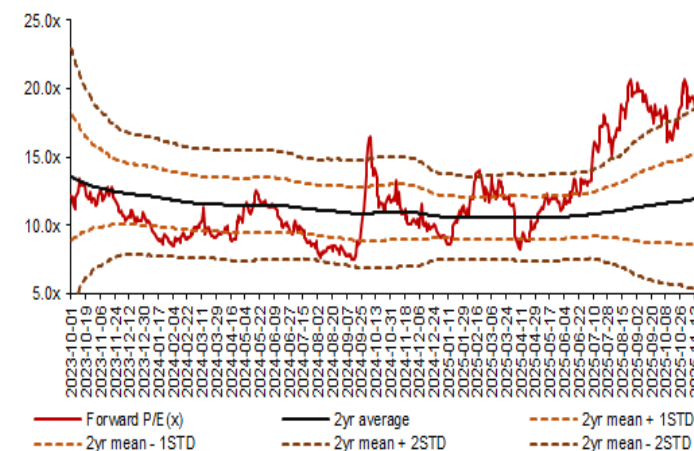
▪ 2. [Futu Holdings \(FUTU US\) - Pioneered one-stop financial services platform to ride on crypto advancements; Initiate BUY](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (HK\$ mn)	5,768	9,955	11,079	12,602
EPS (HK\$)	38.9	68.2	75.6	85.9
Consensus EPS (HK\$)	N/A	66.4	75.1	85.3
P/E (x)	35.9	20.5	18.5	16.3
P/B (x)	7.2	5.3	4.2	3.3
ROE (%)	20.7	29.0	24.5	22.1

Source: Company data, Bloomberg, CMBIGM estimates

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



Source: Bloomberg, CMBIGM estimates

Tencent (700 HK) – Solid growth across business lines; upbeat on long-term AI opportunities

Rating: BUY | **TP:** HK\$760 (21% upside)

Analysts: Saiyi He/Wentao Lu/Frank Tao

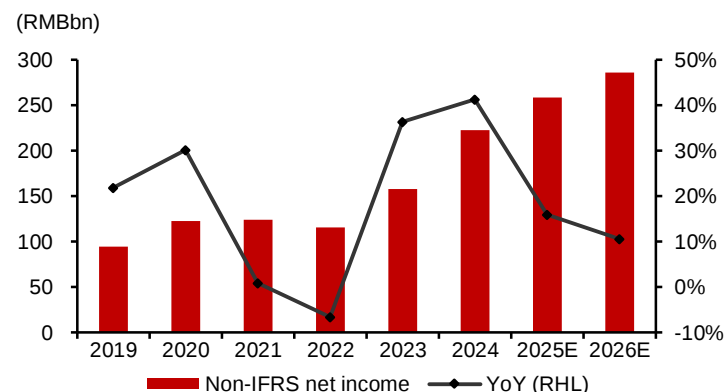
- **Investment Thesis:** Tencent's competitive edge remains solid. We expect Tencent to deliver sustainable earnings growth amid macro uncertainty. We expect: 1) higher-margin businesses like marketing, games and e-commerce services will bring incremental monetization opportunities and support GPM expansion; 2) games revenue growth to maintain solid growth in FY25E, backed by monetization revamp of key legacy titles and incremental contribution of new games; 3) step-up of AI investment will drive marketing and cloud business revenue growth.
- **Our View:** Tencent's 3Q25 total revenue/non-IFRS operating income grew by 15%/18% YoY to RMB184.5/69.2bn, 2%/1% ahead of Bloomberg consensus estimate, driven by solid growth across business lines. Higher-margin games and marketing businesses continued to maintain strong momentum (+23% and 21% YoY respectively), driving quality growth and further margin expansion. We are positive on Tencent's short-term earnings visibility, supported by its strong competitive moat. And we remain constructive on Tencent's long-term opportunities in AI, given its diversified use cases and massive user base.
- **Catalysts:** 1) Step-up of AI investment to drive marketing and cloud business revenue growth; 2) enhanced Video Account monetization supports better-than-expected revenue growth and GPM expansion; 3) solid performance of legacy and new titles like Delta Force to drive stronger-than-expected game revenue growth.
- **Valuation:** Our SOTP-derived TP is HK\$760.0, comprising HK\$335.3/38.6/150.4/103.4/30.9 for games/SNS/ads/Fintech/cloud business and HK\$19.1/82.2 for net cash/strategic investments.
- **Link to latest report:** [Tencent \(700 HK\) - 3Q25 results: solid growth across business lines; upbeat on long-term AI opportunities](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	609,015	660,257	751,126	816,768
Gross margin (%)	48.1	52.9	56.5	57.1
Adj. net profit (RMB mn)	157,688	222,703	258,252	285,557
EPS (Adjusted) (RMB)	16.66	23.96	27.82	31.23
Consensus EPS (RMB)	16.66	23.96	27.02	30.35
Non-IFRS P/E (x)	34.2	24.2	20.9	18.9

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 (33% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu

- Investment Thesis:** 1) Alibaba's fundamental is on improvement track, evidenced by inline with industry average GMV growth for Taobao & Tmall Group, expansion in take rate aided by incremental technological services fee charge and increase in adoption of Quanzhantui; 2) cloud business valuation has been more widely accepted by the market, and the rapid increase in inference demand has provided solid support for future cloud services revenue growth.
- Our View:** For 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. Our target price of US\$209.4 reflects 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:** Our SOTP-based valuation of US\$209.4 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	International Digital Commerce Group	1.5x FY26E EV/S 7.5x FY27E EV/S on revenue before intersegment elimination; discount back with 11% WACC	21,678			1.5	234,118	32,516	13.9	7%
3	Cloud Intelligence Group	11x 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%
Total Alibaba business							3,343,996	464,444	198.3	
INVESTMENTS										
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	
Total investment (with 30% holding discount)									11.1	5%
Total (US\$m)									209.4	
# 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 (7% upside)

Analysts: Saiyi He/Frank Tao/Wentao LU

- **Investment Thesis:** 1) Both domestic and outbound travel are seeing resilient volume growth, and Trip.com Group could sustain higher than industry average revenue growth driven by its strong customer services and supply chain capability, in our view; 2) we are constructive on Trip.com's global expansion potential, especially in the Asian market, as the current online penetration remains low, and TCOM has established strong supply chain and customer services capabilities to aid business expansion.
- **Our View:** We are positive that TCOM can deliver upbeat financial results in 3Q25E aided by its continuously enhanced supply chain capabilities, as well as operating efficiency gains from domestic and outbound business.
- **Catalysts:** 1) Better-than-expected outbound travel revenue growth; 2) better-than-expected earnings growth driven by both better-than-expected operating efficiency gains from domestic and outbound travel business aided by solid revenue growth.
- **Valuation:** Our DCF-based valuation of US\$76.0 translates into 21/19x 25/26E PE (non-GAAP).

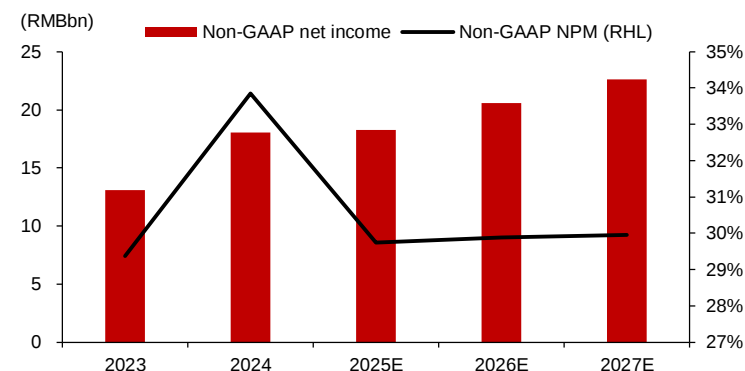
Link to latest report: [Trip.com Group \(TCOM US\) – 2Q results beat; resilient revenue and earnings growth to sustain](#)

Financials and Valuations

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

Source: Company data, Bloomberg, CMBIGM estimates

Fig: TCOM: non-GAAP net profit



Source: Company data, CMBIGM estimates

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

Rating: BUY | TP: HK\$6.61 (40% 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.** Our TP of HK\$6.61 (22x 2025E P/E) reflects 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.

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)	N/A	N/A	0.29	0.34	0.38
P/E (x)	23.3	17.7	15.9	13.9	12.6
P/B (x)	2.3	2.0	1.9	1.9	1.9
Yield (%)	3.1	4.2	4.7	5.4	5.9
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

Luxshare (002475 CH) – Stronger outlook in Apple upgrade cycle and Leoni/ODM synergies

Rating: BUY | **TP:** RMB 75.55 (32% upside)

Analysts: Alex Ng/ Hanqing Li

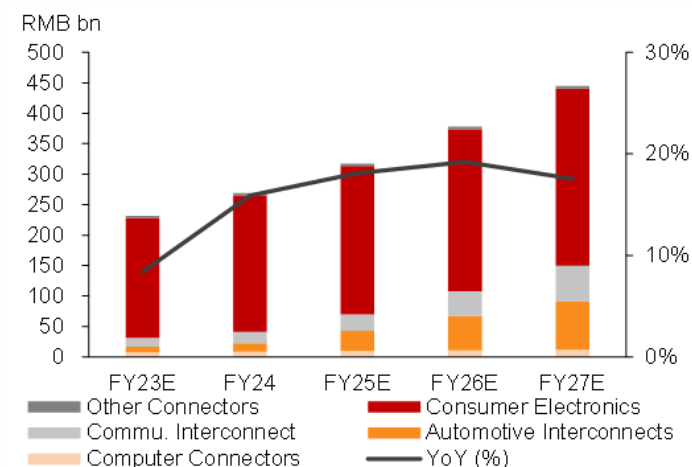
- **Investment Thesis:** Luxshare is a leading technology solutions supplier in China, with a strong product portfolio (connectors/cables, acoustics/haptics, precision components) and vertical integration capability, covering consumer electronics, computer, automotive and datacenter segments. Its key customers include Apple (iPhone/AirPods/Watch/iPad/Mac), Android OEMs (Xiaomi, Huawei, Oppo, Vivo, etc) and PC brands (Lenovo, Dell, HP, etc).
- **Our View:** We expect Luxshare to deliver 27% earnings CAGR over 2025-27E, driven by 9%/54%/47% FY25-27E revenue CAGR from consumer electronics/automotive/communication segments. 1) For CE, with a full coverage of Apple's products (iPhone/Watch/AirPods/Mac/VisionPro), we believe Luxshare will benefit from share gains and Apple's product cycle in iPhone 17/foldable/20th anniversary edition and smart home/AI glasses during 2026-27E. 2) For Auto/ODM biz, the integration process has exceeded expectations. Original targets for Leoni will be achieved at least one year earlier, and vertical integration with Wingtech ODM will enhance competitiveness and boost exposure to non-Apple biz. 3) For AI server, we believe Luxshare is making progress with design wins and share gains with core AI server products (high-speed connectivity/power/thermal).
- **Why do we differ vs consensus:** We are more positive on Luxshare's AI server progress, Apple new product cycle and margin expansion.
- **Catalysts:** Near-term catalysts include iPhone 17 shipment, auto client wins, and AI server component ramp-up.
- **Valuation:** Our TP of RMB 75.55 is based on 25x FY26E P/E, in-line with the past 10-yr hist. fwd. P/E, backed by share gains and product expansion to capture AI server, Apple and NEV opportunities in next 3-5 years.

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	268,795	317,450	378,416	444,880
YoY growth (%)	15.9	18.1	19.2	17.6
Net profit (RMB mn)	13,366	17,075	21,493	27,555
YoY growth (%)	1.86	2.40	3.02	3.87
EPS (RMB)	20.8	29.1	25.9	28.2
Consensus EPS (RMB)	N/A	2.35	2.93	3.57
P/E (x)	30.4	23.5	18.7	14.6
P/B (x)	4.7	3.9	3.3	2.7
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	15.8	16.8	17.4	18.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Luxshare's revenue trend



Source: Company data, CMBIGM estimates

Link to latest report: [Luxshare \(002475 CH\) - Stronger outlook in Apple upgrade cycle and Leoni/ODM synergies; Lift TP to RMB75.55](#)

AAC Tech (2018 HK) – Solid outlook intact on AI-driven upgrade cycle in 2H25E

Rating: BUY | **TP:** HK\$60.55 (59% 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.

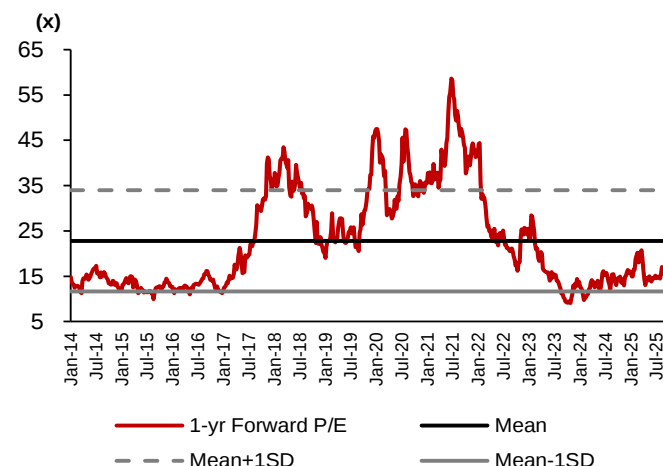
Link to latest report: [AAC Tech \(2018 HK\) - 1H25 upgrade cycle in 2H25E in-line despite GPM dip; Solid outlook intact on AI-driven upgrade cycle in 2H25E](#)

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)	23.6	16.6	13.1	11.2
P/B (x)	1.8	1.7	1.5	1.4
Yield (%)	0.7	0.9	1.4	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\$43.54 (33% upside)

Analysts: Alex Ng/ Hanqing Li

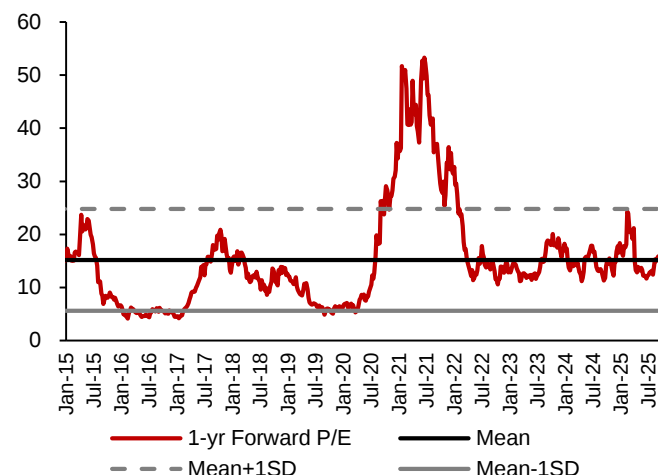
- **Investment Thesis:** BYDE is a global leader in platform-based high-end manufacturing, focusing on smartphone/NB, new intelligent product, auto intelligent system and medical devices. Its major clients include Apple, Xiaomi, Huawei/Honor, BYD and other OEM brands. We believe BYDE will benefit from iPhone AI cycle, stable Android flagship demand, high-end NEV products and AI server momentum in FY25E.
- **Our View:** Mgmt. is positive on 2026 revenue growth with improving GPM, driven by 1) US client's foldable phone spec upgrade (+50% YoY sales) with content value increase (RMB1,000+), 2) automotive expansion (+20% YoY sales) with rising penetration (smart driving, suspension) and overseas client wins (Europe/Japan), and 3) AI server biz (RMB5bn sales target) in domestic ODM and GB200/300 components. Rubin projects and HGX liquid cooling component target to start mass production in 2H26E, and 400G/800G optical module capacity (5kk/month) are ready by 2025.
- **Why do we differ vs consensus:** We are more positive on margin recovery, Jabil's synergies, NEV biz momentum and AI server biz outlook.
- **Catalysts:** Near-term catalysts include iPhone shipment upside, AI server product ramp-up and GPM improvement.
- **Valuation:** Our SOTP-based TP of HK\$43.54 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 \(285 HK\) - NDR takeaways: Apple/AI server/auto to accelerate revenue growth in 2026](#)

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	177,306	178,254	208,668	224,812
YoY growth (%)	36	1	17	8
Net profit (RMB mn)	4,266	4,302	5,503	6,920
EPS (RMB)	1.89	1.91	2.44	3.07
YoY growth (%)	6	1	28	26
Consensus EPS (RMB)	N/A	2.20	2.85	3.54
P/E (x)	16.6	16.5	12.9	10.3
P/B (x)	2.6	2.4	2.2	1.9
Yield (%)	1.6	1.7	2.1	2.7
ROE (%)	13.2	12.1	14.0	15.7
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

Innolight (300308 CH) – Another record setting quarter with clear earning visibility into 2026

Rating: BUY | **TP:** RMB591 (22% upside)

Analysts: Lily Yang/ Kevin Zhang

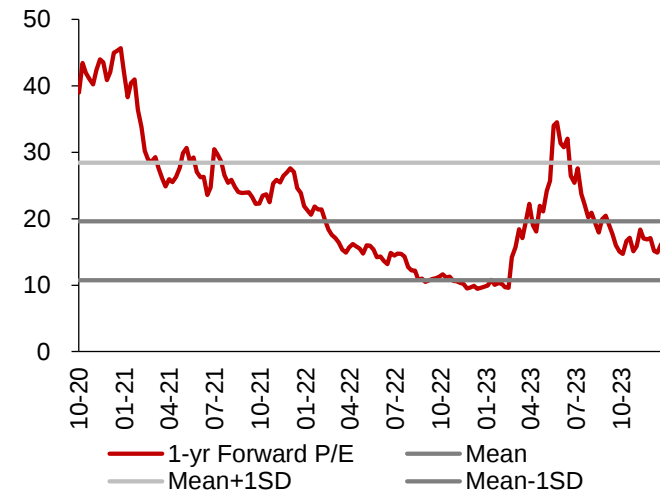
- **3Q earnings review:** Innolight delivered another record-setting quarter, solidifying its position as the leading beneficiary of the global AI infra. investment upgrade cycle. 3Q25 revenue rose +57% YoY / +26% QoQ to RMB10.2bn, driven by strong 800G transceiver shipments and expanding adoption of silicon photonics. GPM improved sharply to 42.8% (+9.2ppt YoY / +1.3ppt QoQ) on richer product mix, higher SiPh penetration, and continuous yield gains. Net profit surged +125% YoY / +30% QoQ to RMB3.1bn, lifting net margin to 30.7%, the highest in company history. 800G demand remains strong with multi-quarter visibility, and 1.6T SiPh transceivers are on track for mass production in early-2026, positioning Innolight ahead of the next bandwidth transition. Mgmt. acknowledged ongoing tightness in upstream EML/CWL components, but highlighted secured long-term capacity and expects constraints to ease by 1H26.
- **Our view:** Innolight is uniquely positioned as the clear global leader in AI optical transceivers, benefiting from both scale and technological leadership. The company dominates the 800G cycle and is set to lead the industry transition to 1.6T, with early SiPh integration that materially enhances cost advantages and supports structurally higher margins. Its deep relationships with major overseas hyperscalers provide stronger visibility than peers, esp. as CSPs continue investing heavily in AI infra.. SiPh adoption is accelerating across 800G and emerging 1.6T designs, enabling Innolight to deliver better power efficiency, integrated architectures, and lower manufacturing costs. With hyperscaler capex sustaining at high levels, Innolight stands to benefit from higher optical value per rack from rising compute demand.
- **Risks:** 1) escalating trade tariff and geopolitical tension, 2) supply chain disruption, 3) slower-than-expected new product adoption rate.
- **Valuation:** Maintain BUY. Our TP of RMB591 is based on 28x 2026E P/E.
- **Links to relevant reports:**
 1. [Innolight \(300308 CH\) - Record-high quarter driven by AI demand; Robust cloud capex underpins outlook](#)
 2. [Innolight \(300308 CH\) - Record revenue and earnings coupled with significant margin expansion; Maintain BUY](#)
 3. [Innolight \(300308 CH\) - 2Q earnings reinforce AI infrastructure spend momentum](#)

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	10,718	23,862	37,931	73,398	105,669
YoY growth (%)	11.2	122.6	59.0	93.5	44.0
Gross margin (%)	33.0	33.8	41.6	44.3	43.5
Net profit (RMB mn)	2,173.5	5,171.5	10,789.2	23,249.2	33,410.1
YoY growth (%)	77.6	137.9	108.6	115.5	43.7
EPS (Reported) (RMB)	2.00	4.72	9.80	21.12	30.36
P/E (x)	231.4	98.1	47.2	21.9	15.2

Source: Company data, Bloomberg, CMBIGM estimates

Fig: P/E band



Source: Company data, CMBIGM estimates

Shengyi Tech (600183 CH) – HDI & High-layer PCB deepens exposure to the AI infra. buildout cycle

Rating: BUY | **TP:** RMB 90 (58% upside)

Analysts: Lily Yang/ Kevin Zhang

- 3Q earnings review:** Shengyi reported strong 3Q25 results that highlight its deepening leverage to the global AI server cycle. Revenue reached RMB7.9bn (+55% YoY / +12% QoQ), supported by exceptional PCB growth and resilient CCL demand. GPM expanded to 28.1% (vs. 22.9% in 3Q24), driven by richer PCB mix and improving manufacturing efficiency. Net profit surged +131% YoY / +18% QoQ to RMB1.0bn, lifting net margin to 12.8%, reflecting strong operating leverage from the PCB segment. Subsidiary Shengyi Electronics delivered another record quarter, with PCB revenue hitting RMB3.1bn (+154%/+40% YoY/QoQ), nearly matching its full-year 2023 revenue. Demand for high-layer-count HDI boards remains exceptionally strong as hyperscalers expand AI server capacity. Meanwhile, CCL revenue remained stable at RMB4.9bn (+23% YoY) despite copper cost headwinds; management expects ASP adjustments to mitigate margin pressure.
- Our view:** Shengyi is structurally positioned as one of China's most direct beneficiaries of the AI server buildout, with a dual-engine model in high-layer-count PCB and premium CCL materials. The rapid scale-up of AI server deployments is driving a significant increase in PCB layer count, HDI usage, and material intensity, areas where Shengyi holds both technological depth and capacity advantages. Subsidiary Shengyi Electronics has shown exceptional growth with PCB revenue set to reach RMB10bn in 2025E, reshaping the company's earnings mix toward higher-margin, higher-value products. CCL remains a stable foundation, with manageable cost pressure and improving pricing discipline. Structural GPM upside is supported by 1) mix shift toward HDI and advanced PCB, 2) better absorption from utilization improvement, and 3) ongoing margin recovery in CCL.
- Key risks:** slower-than-expected capacity ramp-up, intensified competition, geopolitical uncertainties, etc.
- Valuation:** TP is RMB90, based on 35x 2026P/E.

Links to relevant reports:

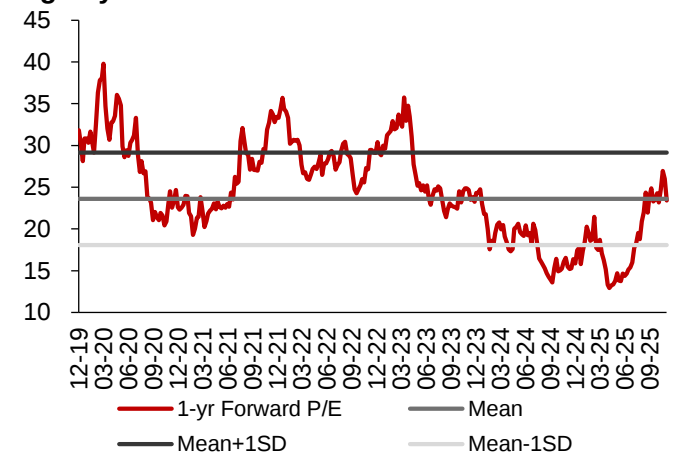
- [Shengyi Tech \(600183 CH\) - 3Q25 results: AI super-cycle in full swing; Raising TP to RMB90](#)
- [Shengyi Tech \(600183 CH\) - Strong 1H25 results underscore AI-driven strength](#)
- [Shengyi Tech \(600183 CH\) - Embracing AI and moving on to a new growth trajectory](#)

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	16,586	20,388	28,775	39,631	50,221
YoY growth (%)	(7.9)	22.9	41.1	37.7	26.7
Gross margin (%)	19.2	22.0	27.3	30.5	32.3
Net profit (RMB mn)	1,164.0	1,738.7	3,508.5	6,272.3	8,786.4
YoY growth (%)	(24.0)	49.4	101.8	78.8	40.1
EPS (Reported) (RMB)	0.50	0.74	1.44	2.58	3.62
P/E (x)	113.6	76.8	39.3	22.0	15.7

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 (102% 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, TP 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.
- **Recent update:** Hang Seng Indexes has officially renamed its Hang Seng Information Technology Industry Index to the Hang Seng Semiconductor Industry Theme Index, with BaTeLab (2149 HK) included as a new constituent, effective 7 November 2025. We view this as a structural positive for BaTeLab, enhancing market liquidity through potential passive fund inflows and attracting attention from active managers.
- **Key risks:** slower SKU expansion, capacity bottlenecks, and customer concentration shifts.
- **Valuation:** Maintain BUY with TP at HK\$93, based on 26.6x 2025E P/E.

Links to relevant reports:

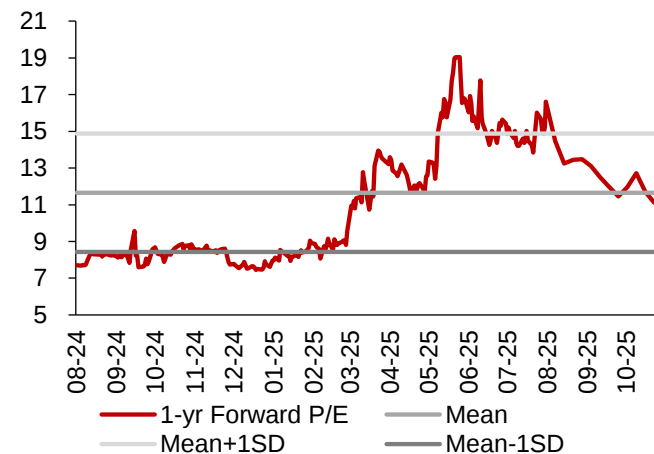
1. [BaTeLab \(2149 HK\) –Index inclusion, strategic repositioning, 4Q pricing power; Reiterate BUY](#)
2. [BaTeLab \(2149 HK\) - Maintaining high profitability amid strategic shifts; Expect stronger 2H25](#)
3. [BaTeLab \(2149 HK\) - Analog IC gem with sustained growth potential ahead](#)
4. [BaTeLab \(2149 HK\) - 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)	17.7	18.1	18.2	19.1	19.6

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 (8% 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 of RMB460 (35x 2026E P/E). Naura is the best-positioned Chinese semicap player to capture localization tailwinds, supported by strength in etching, deposition, thermal, and cleaning (80%+ of sales). Expansion into ion implantation and the Kingsemi acquisition enhance product breadth (coating, bonding, cleaning) and improve long-term synergies. We forecast equipment sales to grow 47%/31% in 2025/26E, driving revenue CAGR of 29% and stable long-term profitability (>40% GPM, >20% NPM). While near-term margins face mix pressure, the company's broad portfolio, localization policy support, and expanding market share strengthen its long-term growth trajectory.
- **Risks:** 1) Lower-than-expected domestic foundry capex plan; 2) slower-than-expected R&D progress; 3) higher raw material costs, etc.
- **Valuation:** Maintain BUY, with TP set at RMB460, based on 35x FY26E P/E

Links to relevant reports:

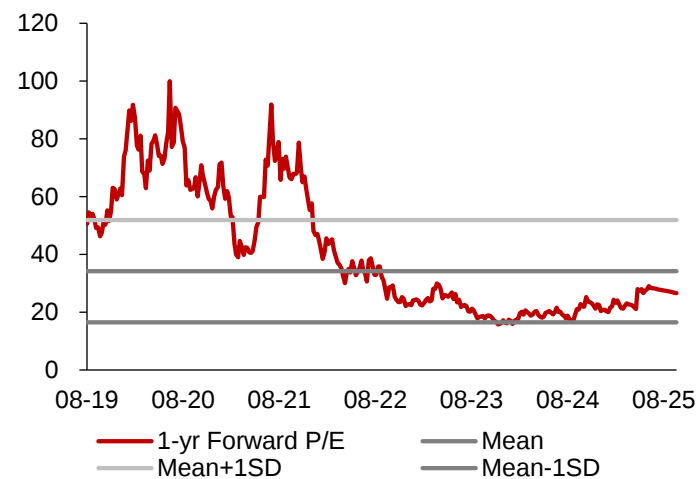
1. [Naura Technology \(002371 CH\) - Intact long-term growth trajectory despite seasonal fluctuations; Maintain BUY](#)
2. [Naura Technology \(002371 CH\) - Solid FY24 earnings amid accelerated semi supply chain domestication](#)
3. [Naura Technology \(002371 CH\) - Solid Q3 earnings signal intact growth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

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	22,079	29,838	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 (64% 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 as the key investment theme in 2025 and Salesforce to be one of the key beneficiaries. The company's current valuation is attractive at 12x FY26E EV/EBITDA versus its peers and solid earnings growth outlook.
- **Our View:** We are upbeat on Salesforce's AI monetization momentum, supported by its differentiated Agentforce solution and Data Cloud foundation. Data Cloud & AI ARR surpassed US\$1.2bn in 2QFY26 (+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 were 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 guides: 1) total revenue to surpass US\$60bn in FY30E, representing 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 of US\$388.0 is based on 21x FY26E EV/EBITDA. Our target EV/EBITDA is at a discount to the sector average (27x),

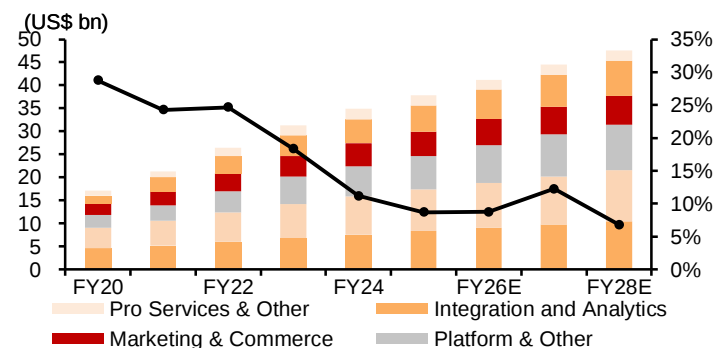
Link to latest report: [Salesforce \(CRM US\) – Inline 2QFY26 results; intact long-term outlook for AI and data cloud](#)

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)	29.0	23.3	21.2	18.2	16.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Salesforce: revenue and YoY



Source: Company data, CMBIGM estimates

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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