招銀国际
CMB INTERNATIONAL

CMBI Research Focus List

Our best high conviction ideas

20 Feb 2026

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	23.4	95.3	16.9	25.00	48%	9.70	9.00	1.80	19.9	3.3%	Shi Ji/ Wenjing Dou/ Austin Liang
Zenergy	3677 HK	Auto	BUY	2.8	1.1	8.5	18.00	113%	200.20	34.10	N/A	1.7	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
J&T Express	1519 HK	Logistics	BUY	12.2	37.1	10.7	13.40	25%	59.90	34.50	4.20	7.20	0.0%	Wayne Fung
SANY International	631 HK	Capital Goods	BUY	6.2	16.2	15.0	20.60	37%	39.40	19.00	3.60	15.5	2.0%	Wayne Fung
Bosideng	3998 HK	Consumer Discretionary	BUY	7.2	17.3	4.8	5.55	16%	N/A	14.10	N/A	N/A	N/A	Miao Zhang
Guoquan Food	2517 HK	Consumer Discretionary	BUY	1.3	6.4	3.7	4.80	29%	42.00	23.70	N/A	7.5	2.1%	Miao Zhang
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	11.0	64.0	38.7	54.68	41%	28.50	20.90	N/A	25.8	0.0%	Miao Zhang
Proya	603605 CH	Consumer Staples	BUY	4.2	48.7	72.9	129.83	78%	19.10	17.30	5.40	31.7	2.1%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	3.2	3.6	10.5	11.87	13%	11.90	18.40	1.60	18.0	5.2%	Miao Zhang
3Sbio	1530 HK	Healthcare	BUY	7.6	73.3	23.5	37.43	59%	N/A	5.60	N/A	N/A	N/A	Jill Wu/ Cathy Wang
Ping An	2318 HK	Insurance	BUY	168.3	354.1	70.9	90.00	27%	N/A	N/A	1.30	13.9	4.0%	Nika Ma
AIA	1299 HK	Insurance	BUY	111.1	254.5	82.7	89.00	8%	N/A	N/A	2.90	16.2	2.1%	Nika Ma
FUTU Holdings	FUTU US	Financials	BUY	21.4	221.7	153.5	228.00	49%	30.90	15.80	6.20	20.7	N/A	Nika Ma
Tencent	700 HK	Internet	BUY	608.9	1629.2	522.5	760.00	45%	19.70	17.00	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Kuaishou	1024 HK	Internet	BUY	37.2	325.0	66.9	88.00	32%	14.90	12.60	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Alibaba	BABA US	Internet	BUY	368.3	1857.8	154.3	206.40	34%	N/A	20.20	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu
Trip.com	TCOM US	Internet	BUY	38.2	218.0	55.3	83.00	50%	19.40	10.60	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao LU
CR MixC Lifestyle	1209 HK	Property	BUY	14.1	23.1	48.1	53.96	12%	26.80	24.20	5.90	22.4	1.5%	Miao Zhang
Greentown Service	2869 HK	Property	BUY	1.8	2.0	4.4	6.61	49%	16.40	14.70	1.80	10.3	4.5%	Miao Zhang
Luxshare	002475 CH	Technology	BUY	53.6	989.9	50.8	75.55	49%	27.30	21.10	4.30	15.8	0.0%	Alex Ng/ Hanqing Li
AAC Tech	2018 HK	Technology	BUY	5.5	20.6	37.0	60.55	64%	21.80	15.40	1.70	7.8	0.7%	Alex Ng/ Hanqing Li
BYDE	285 HK	Technology	BUY	9.4	40.5	32.5	43.54	34%	15.80	15.60	2.50	13.2	1.6%	Alex Ng/ Hanqing Li
Innolight	300308 CH	Semi	BUY	85.4	2784.3	531.0	707.00	33%	111.80	53.00	N/A	N/A	N/A	Kevin Zhang
Shengyi Tech	600183 CH	Semi	BUY	22.6	394.6	64.3	90.00	40%	92.00	45.60	N/A	N/A	N/A	Kevin Zhang
Naura	002371 CH	Semi	BUY	51.0	573.6	486.1	460.00	N/A	61.30	47.20	N/A	N/A	N/A	Kevin Zhang
Datadog	DDOG US	Software & IT services	BUY	42.5	694.8	120.6	196.90	63%	N/A	N/A	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu

Source: Bloomberg, CMBIGM. Data as of 20/2/2026 12:00 p.m.

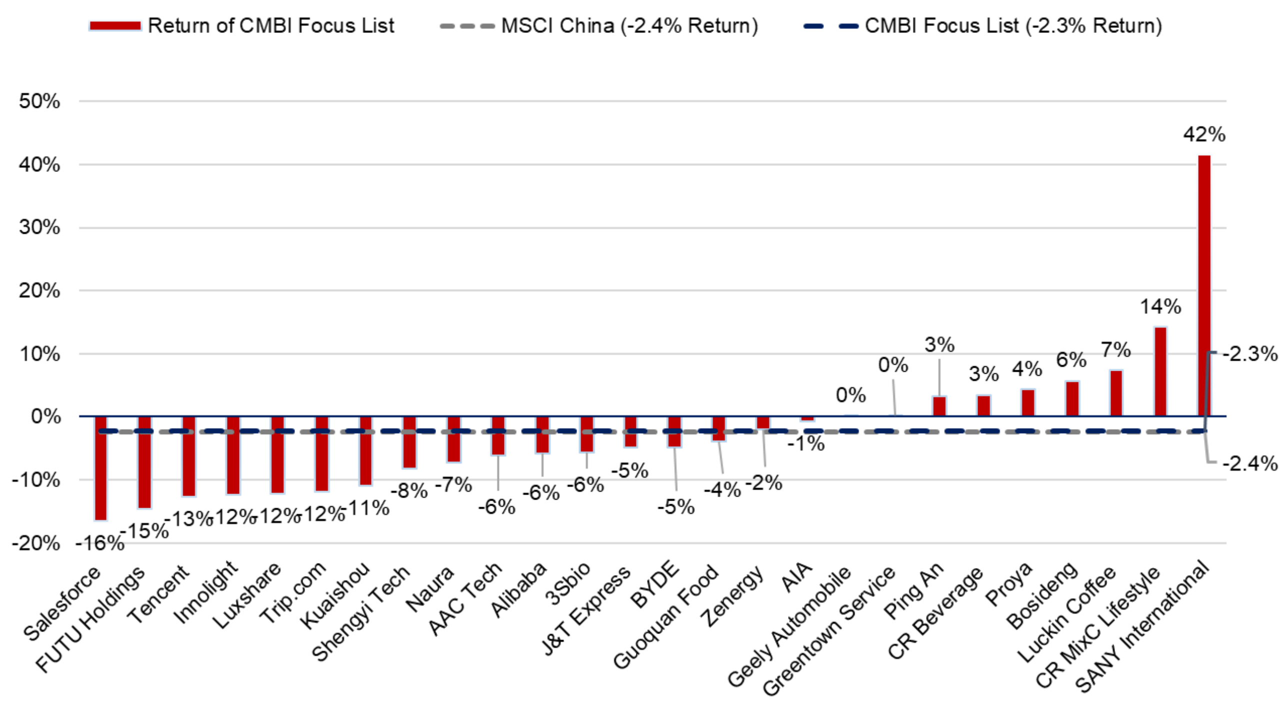
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Datadog	DDOG US	Software & IT services	BUY	Saiyi He/Frank Tao/Wentao	We added Datadog as we are positive on DDOG's long-term business development potential, driven by the secular trend of digital transformation and cloud migration, as well as DDOG's strong cross selling and upselling capability, and potential for international expansion.
Deletions					
Salesforce	CRM US	Software & IT services	BUY	Saiyi He/ Wentao Lu/ Frank	We remove Salesforce as we expect AI agent/solutions offered by LLM providers will continue to be an overhang for SaaS companies like Salesforce and ServiceNow, and we yet to see signal that could ease investor concern in the short term.

Source: CMBIGM

Performance of our recommendations

- In our last list dated 19 Jan 2026, we highlighted a list of 26 long ideas.
- The basket (equal weighted) of these 26 stocks outperformed MSCI China index by 0.1 ppt, delivering -2.3% return (vs MSCI China -2.4%).
- 11 out of the 26 stocks outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 19 Jan 2026 to 16 Feb 2026.

Long Ideas

Geely Automobile (175 HK) – We see margin lift potential in FY26E; share repurchase as positive catalyst

Rating: BUY **|** TP: HK$25.00 (48% upside) Analysts: Shi JI/ Wenjing Dou/Austin Liang

- **Maintain BUY.** We are of the opinion that Geely's sales volume growth could continue at least throughout FY26E, given its current incomprehensive 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. Its recent share repurchase should be the positive catalyst.
- **Still has room for new models, especially for medium-size SUVs.** Geely has found the key to NEV successful launches with almost all the recent new models being well received. Yet, it still has room for new models in 2026 to complete a comprehensive NEV model line-up, including a small BEV SUV, a compact BEV car, a medium-size BEV/PHEV SUV and a large-size PHEV SUV. We believe most of Geely's new models in 2026 would be focused on these subsegments.
- **Better product mix and rising NEV exports to lift margins in 4Q25E and FY26E**. We project the sales volume of the three high-margin models (Zeekr *9X*, Lynk & Co *900* and Galaxy *M9*) combined to more than double YoY to 285,000 units in FY26E with a gross margin range of 20-31%. Therefore, we expect GPMs in both 4Q25E and FY26E to be 17.7%. 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 FY26E sales volume to rise from 3.0mn units to 3.4mn units, with about half of growth from exports. We project its net profits to be RMB17.4bn/20.0bn/21.0bn in FY25-27E, respectively. We maintain our BUY rating and target price of HK$25.00, based on 12x our FY26E P/E.

Link to latest report: Geely Automobile (175 HK) - We see margin lift potential in FY26E

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	240,194	344,026	385,463	409,176
YoY growth (%)	34.0	43.2	12.0	6.2
Net profit (RMB mn)	16,632	17,408	20,015	20,999
YoY growth (%)	213.3	4.7	15.0	4.9
EPS (Reported) (RMB)	1.64	1.72	1.96	2.04
P/E (x)	9.7	9.0	7.9	7.6
P/B (x)	1.8	1.7	1.5	1.4
Yield (%)	3.3	3.0	3.4	3.6
ROE (%)	19.9	19.6	20.5	18.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Zenergy (3677 HK) – Higher earnings visibility amid better client mix, possible battery price hike

Rating: BUY **| TP:** HK$18.00 (113% upside) Analysts: SHI Ji/ DOU Wenjing/Austin Liang

- **Maintain BUY.** We revise up Zenergy's FY25E net profit forecast by 4% to RMB591mn with better product mix than we had expected. Such trend would continue in FY26E to benefit Zenergy's revenue and gross margin. We expect GAC Toyota to surpass Leapmotor (9863 HK, BUY) to be Zenergy's largest revenue contributor. That, along with possible battery price hike which we did not factor in before, has made us raise our FY26E net profit forecast by 4% to RMB1.36bn.
- **We expect solid 2H25 earnings with possible beat on revenue.** We revise up our Zenergy's FY25E battery sales volume forecast from 18.4GWh to 19.6GWh, as sales volume of the Toyota *bZ3X* BEV and IM *LS6* EREV exceeded our prior expectation. We also expect improved product mix to lift its ASP to RMB0.43/Wh in 2H25E from RMB0.41/Wh in 1H25. We project 2H25E gross margin to widen by 0.2ppts HoH to 18.1% in 2H25E due to the same reason. Accordingly, we estimate Zenergy's net profit to be RMB591mn in FY25E (RMB370mn in 2H25E).
- **FY26E outlook.** Recent new models, including the VW *ID. ERA 9X* EREV, Leap *A10* EV and Hongqi *HQ9* PHEV have chosen Zenergy as their battery supplier. We maintain our FY26E sales volume forecast of 30GWh for Zenergy, as we revise up sales volume forecast from VW and cut estimates for SAIC-GM-Wuling. We revise up FY26E revenue forecast by 8% to RMB14.6bn amid better client mix and possible battery price hike. We also project FY26E gross margin to widen by 0.5ppts to 18.5% due to the same reasons. Accordingly, we revise up our FY26E net profit forecast by 4% to RMB1.36bn.
- **Valuation/Key risks.** We maintain our BUY rating and target price of HK$18.00, still based on 22x our FY27E P/E. We believe such valuation is justified given its peers' median FY27E P/E of 15x and Zenergy's higher profit growth outlook. Key risks to our rating and target price include lower NEV sales volume from major clients, slower expansion into new models, lower gross margin than we expect, as well as a sector de-rating.

ink to latest report: Zenergy (3677 HK) - Higher earnings visibility amid better client mix, possible battery price hike

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	5,130	8,200	14,564	20,803
YoY growth (%)	23.3	59.8	77.6	42.8
Operating profit (RMB mn)	(90.9)	423.1	1,174.1	1,955.2
Net profit (RMB mn)	91.0	590.9	1,357.3	1,883.4
YoY growth (%)	N/A	549.3	129.7	38.8
EPS (Reported) (RMB)	3.93	23.12	52.18	72.27
P/S (x)	3.9	2.5	1.4	1.0
P/E (x)	200.2	34.1	15.1	10.9
ROE (%)	1.7	8.5	15.6	18.2
Net gearing (%)	12.8	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

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

Rating: BUY **| TP:** HK$13.4 (25% 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. The latest share-swap agreement with SF (6936 HK / 002352 CH, NR) will likely help J&T expand product offerings, further expand in SEA market as well as open up opportunities in Europe and the US.

- **Our View:** J&T's parcel volume growth in 4Q25 was 15% YoY, driven by outstanding growth of 74% in SEA but offset by -0.4% YoY decline of parcel volume in China. While the volume in China was unexciting, it was due to the "anti-involution" campaign which will likely boost a rebound of ASP. For the full year in 2025, the parcel volume grew 22% YoY to 30bn units. 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 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) - Takeaways from Bangkok investor call; Share-swap with SF to help expand new markets

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (US$ mn)	10,259	12,161	14,110	16,162
YoY growth (%)	16	19	16	15
Core net income (US$ mn)	200	348	583	761
Core EPS (US$)	0.02	0.04	0.07	0.09
YoY growth (%)	N/A	73.5	67.8	30.5
Consensus EPS (US$)	N/A	0.04	0.07	0.10
EV/EBITDA (x)	16.6	12.5	9.7	8.2
P/E (x)	59.9	34.5	20.6	15.8
P/B (x)	4.2	3.9	3.3	2.8
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) – Mining truck remains a key market focus

Rating: BUY **| TP:** HK$20.6 (37% upside)

Analyst: Wayne Fung

- **Investment Thesis:** We expect SANYI to maintain a growth momentum in 2026E/27E, driven by strong growth of large-size port equipment (with solid backlog) and upside potential in overseas mining trucks, which will offset the relatively weak sales of combined coal mining units (CCMUs) and road headers domestically. Besides, the rising contribution of lithium battery and the recovery of oil & gas equipment will serve as new growth drivers.

- **Our View:** Global miners' capex is expected to maintain an upcycle on the back of strong metal price, which will likely translate to upside potential to mining machinery demand (mainly for open pit). SANYI had ~15% of revenue generated from mining trucks in 1H25, which was the highest among the Chinese machinery peers. While we forecast the segment's contribution to the total revenue to maintain at 15-16% in 2026E-27E, we expect the large-size mining trucks that carry high value and high margin will maintain a higher growth trajectory.

- **Why do we differ vs consensus:** Our earnings forecast in 2025E/26E is -4%/0% versus consensus. We see potential upside to our forecast driven by further increase in mining truck demand.

- **Catalysts:** (1) breakthrough of mining trucks sales in overseas; (2) better-than-expected lithium battery demand; (3) improvement of coal mining capex

- **Valuation:** Our TP of HK$20.6 is based on 20x 2026E P/E. Our target multiple, based on the peak level since 2017, is to reflect the rising earnings visibility driven by the commodity upcycle.

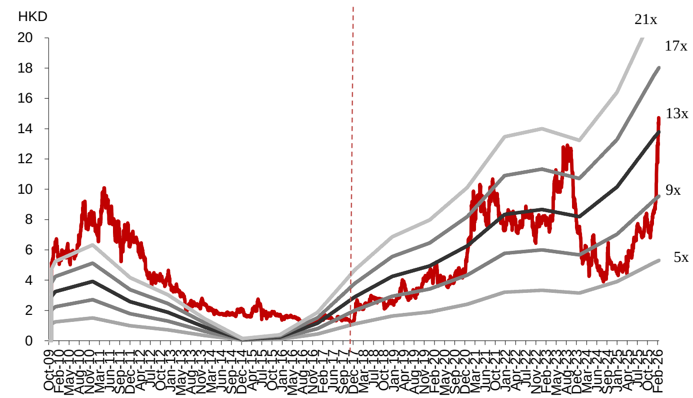
- **Link to latest report:** [SANY International (631 HK) – Mining truck gaining traction; Higher earnings forecast and TP]

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	21,910	24,571	29,752	34,792
YoY growth (%)	8.0	12.1	21.1	16.9
Core net income (RMB mn)	1,850	2,286	2,990	3,686
Core EPS (RMB)	0.58	0.71	0.92	1.13
YoY growth (%)	(4.6)	22.7	30.1	23.0
Consensus EPS (RMB)	N/A	0.74	0.93	1.15
EV/EBITDA (x)	19.5	11.1	8.9	7.4
P/E (x)	39.4	19.0	14.2	11.5
P/B (x)	3.6	3.2	2.7	2.3
Yield (%)	2.0	2.1	2.8	3.5
ROE (%)	15.5	17.7	20.4	21.7
Net gearing (%)	17.5	12.4	6.8	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: SANYI's P/E band



Source: Company data, Bloomberg, CMBIGM estimates

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

Rating: BUY **| TP:** HK$5.55 (16% upside)

Analyst: Miao Zhang

- **Investment Thesis:** With superior fashion, digital capability and efficiency, we believe Bosideng should gain more market share 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, and 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 a 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 enhancement of customer and membership experiences, etc.. 1H25E results may be subdued (flattish sales growth and mild net profit growth) but should be priced in already.
- **Where 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 derived 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.

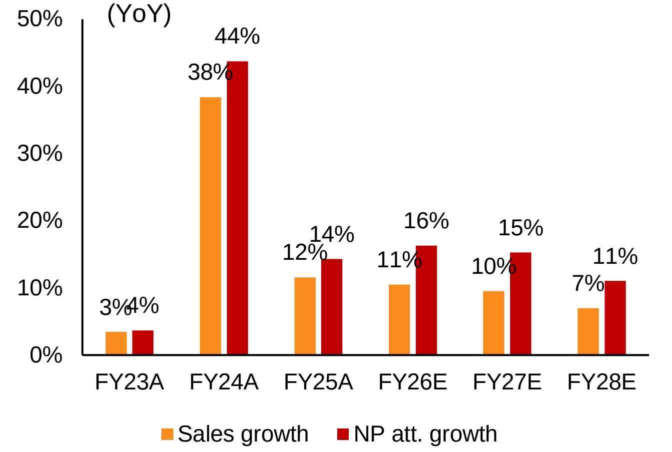
Link to latest report: Bosideng (3998 HK) – Prudent guidance but we are still confident

Financials and Valuations

(YE 31 Mar)	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	25,902	28,624	31,351	33,535
YoY growth (%)	11.6	10.5	9.5	7.0
Operating profit (RMB mn)	4,966.9	5,516.0	6,255.4	6,831.9
Net profit (RMB mn)	3,552.7	4,128.8	4,756.4	5,279.7
EPS (Reported) (RMB)	0.30	0.35	0.41	0.45
YoY growth (%)	13.2	16.3	15.3	11.0
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 (%)	25.1	27.3	29.1	29.8
Net gearing (%)	51.5	54.9	57.7	59.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



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 (29% upside)

Analyst: Miao Zhang

- **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 achieved RMB 6.5bn sales, RMB 230mn profit with 10,150 stores in China.

- **Our View:** We are still positive about 4Q25E, boosted by: 1) rising demand from consumption trade-down, 2) a 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 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) 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 3%/ 3%/ 1% higher than consensus while our net profit forecasts are 1%/ 4%/ 7% higher than the street's 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 derived 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 ~20x FY26E P/E.

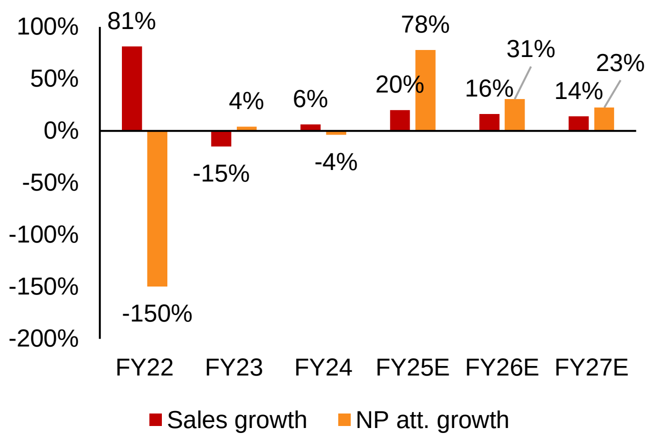
Link to latest report: Guoquan Food (2517 HK) - A national at-home food expert to innovate at all fronts

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	6,470	7,764	9,036	10,301
YoY growth (%)	6.2	20.0	16.4	14.0
EBITDA (RMB mn)	284.3	613.0	831.5	9,183.9
Net profit (RMB mn)	241.2	423.7	553.5	679.1
EPS (Reported) (RMB cents)	8.37	14.85	19.40	23.81
YoY growth (%)	(6.3)	77.4	30.6	22.7
P/E (x)	42.0	23.7	18.1	14.8
EV/EBITDA (x)	29.8	13.2	9.6	0.9
Yield (%)	2.1	3.6	4.7	5.8
ROE (%)	7.5	13.0	16.1	18.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth, yearly



Source: Company data, CMBIGM estimates

Luckin Coffee (LKNCY US) – There are still multiple growth drivers in FY26E

Rating: BUY **| TP:** US$54.68 (41% upside)

Analyst: Miao Zhang

- **Investment Thesis:** Luckin is the largest and fastest-growing coffee brand in China. It has 16,248 stores, sales of RMB 24.9bn and net profit of RMB 2.85bn and a market share of 21.7% in FY23. On top of quality coffee, it also emphasizes digital engagement, convenience, and competitive pricing. Growth drivers include: 1) rapid store opening, 2) rise in ASP and new product launches, 3) further adoption of freshly-made coffee and 4) higher purchase frequency from the young/ wealthy people in lower-tier cities.
- **Our View:** We agree that the high base in FY25E (induced by the delivery subsides) could be an issue for the tea drink and coffee sector in general in FY26E (for both SSSG and valuation of various listed companies). However, we do think the company is much more well-prepared than the others. For example, on SSSG, while we are conservatively forecasting a 2% in FY26E given that we see: 1) category expansion (more non-coffee products like snacks and breakfast did increase to 30 different types of food), 2) greater push on the star products (more new SKUs in 3Q25 than in 3Q24, with less popularity than star products but potential to improve in FY26E), 3) marketing expense ratio decrease in 3Q25, but Luckin Coffee could ramp that up if needed; 4) further boosting of sales and purchasing frequency (34.5mn new transacting customers in 9M25, +40%+ YoY). On the margin side: 1) GP margin is able to improve (as we expect efficiency improvement to more than offset overseas coffee bean price inflation), 2) delivery cost is likely to decrease YoY (from delivery platforms and major brands' point of view, we do think massive subsidies are only a short-term measure, with marginally low value to sustain); 3) headquarters cost % will continue to improve.
- **Valuation:** We derived our 12m TP of US$54.68 based on 18x FY26E P/E.
- **Catalysts:** Better-than-expected new products, store expansion, store efficiency and government stimulus.

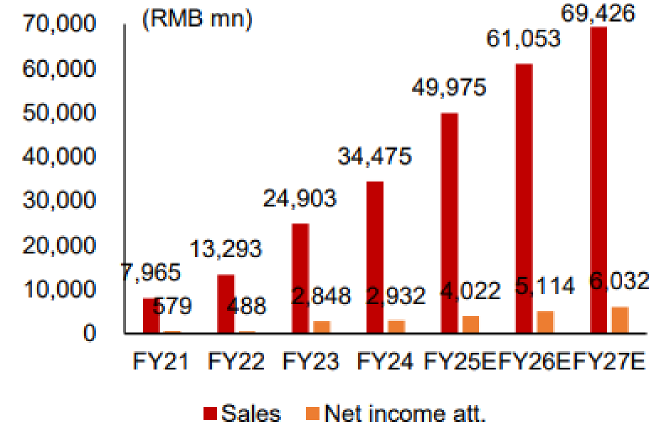
Link to latest report: Luckin Coffee (LKNCY US) – There are still multiple growth drivers in FY26E

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	34,475	49,975	61,053	69,426
YoY growth (%)	38.4	45.0	22.2	13.7
EBITDA (RMB mn)	4,728.1	6,808.6	8,674.4	10,202.1
Net profit (RMB mn)	2,931.7	4,021.7	5,113.8	6,032.3
EPS (Reported) (RMB)	1.15	1.57	1.99	2.33
YoY growth (%)	2.3	36.5	26.5	17.4
P/E (x)	28.5	20.9	16.5	14.1
EV/EBITDA (x)	2.6	1.8	1.3	1.1
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	25.8	26.7	26.0	23.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit



Source: Company data, CMBIGM estimates

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

Rating: BUY | **TP:** RMB129.83 (78% upside)

Analysts: Miao Zhang

- Proya delivered 1H25 revenue and attributable NP growth of +7.2% and +13.8% YoY, missing BBG consensus by 3%/4% primarily due to 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-brand 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/ INSBAHA sustained high growth with revenue up 21/102/80% YoY, and combined revenue contribution lifted to 20.2% in 1H25, up 4.7ppts YoY. Looking forward, management has laid out a clear plan to enrich the product matrices across sub-brands: TIMAGE will iterate base-makeup technologies; OR will focus on anti-hair-loss solutions with aromatherapy concepts; and INSBAHA will deepen niche color cosmetics. International expansion is set to accelerate, with OR launches planned in Hong Kong and Japan and Hapsode rollout in SEA. 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 3.6ppts YoY to 73.4% in 1H25 thanks to cost control efforts such us shifting freebies from "mini" to "mid-size" to reduce packaging & unit marketing costs. SG&A ratio rose by 2.6ppts YoY given heavier 618 promotions cost and celebrity endorsements for sub-brands. With 2H marketing likely remain elevated around 11.11 shopping festival, we expect full-year selling expense ratio to trend higher.
- **Maintain BUY with TP of RMB 129.83, on 30x 2025E P/E**. Risks: worse-than-expected consumption sentiment, intensifying competition, and raw material price hike etc.

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)	na	na	4.58	5.31	6.07
P/E (x)	24.9	19.1	17.3	16.3	15.5
P/B (x)	6.8	5.4	4.5	3.9	3.4
Yield (%)	1.8	2.1	2.3	2.5	2.6
ROE (%)	30.3	31.7	28.9	26.0	23.6
Net gearing (%)	(87.6)	(75.1)	(74.7)	(74.5)	(74.5)

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 (exl.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$11.87 (13% 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, careering, and emerging channels; and 4) dedicated distributors for lower-tier markets (counties/towns/ villages). These initiatives, scheduled for completion by FY26, will deliver compounded benefits alongside ongoing capacity expansion, in our view.
- **Maintain BUY.** Our TP of HK$11.87 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..

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

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	1,056.1	1,294.1	1,493.2
YoY growth (%)	34.3	23.1	(35.5)	22.5	15.4
EPS (Reported) (RMB)	0.66	0.79	0.51	0.62	0.72
Consensus EPS (RMB)	N/A	N/A	0.48	0.59	0.69
P/E (x)	14.1	11.9	18.4	15.0	13.0
P/B (x)	2.5	1.6	1.6	1.5	1.4
Yield (%)	0.0	5.2	2.7	3.3	3.8
ROE (%)	21.3	18.0	9.3	11.0	11.9
Net gearing (%)	(30.1)	(50.4)	(41.8)	(39.4)	(40.0)

Source: Company data, Bloomberg, CMBIGM estimates

3Sbio (1530 HK) – Pfizer accelerates global clinical development of 707; ADC combination poised to launch

Rating: BUY | **TP:** HK$37.43 (59% upside)

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis.** At the J.P. Morgan Healthcare Conference, Pfizer (PFE US) outlined its clinical development strategy for 707/PF-4404' (PD-1/VEGF), a co-developed asset with 3SBio, announcing plans to initiate four global Phase III trials in 2026E across 1L indications. Notably, this includes the first Phase 3 study evaluating a PD-1/VEGF bispecific in combination with an ADC. The speed and breadth of the development plans exceeded our expectations. We believe PD-(L)1/VEGF bispecifics are increasingly viewed as potential backbones of future IO regimens. Leveraging internal synergies from its "IO + ADC" portfolios and superior clinical execution, Pfizer is well-positioned in this competitive landscape. As such, we view the advancing development of 707/PF-4404' as a key near- to mid-term catalyst for 3SBio, with the potential to unlock significant global value.
- **Our View: (1)** Four major MNCs, Pfizer (w/ 3SBio), BMS (w/ BioNTech), Merck (w/ LaNova), and AbbVie (w/ RemeGen), have entered the PD-(L)1/VEGF arena. We view clinical execution as the decisive factor, with Pfizer positioned to lead. While Summit has filed a BLA for ivonescimab, approval remains uncertain given limited OS data in *Harmoni* and its niche 2L EGFRm NSCLC inidcation. BMS is currently lagging Pfizer in core 1L indications such as NSCLC and mCRC. Pfizer is aggressively advancing 707/PF'4404, with four global Phase III trials planned for initiation in 2026E, including 1L sq/nsq NSCLC, mCRC, EC and mUC. First patient in (FPI) has already been achieved for mCRC study. Notably, Pfizer plans a Phase 3 trial combining 707 with Padcev for 1L urothelial cancer. This internal "Next-Gen IO + ADC" synergy creates a unique competitive moat. **(2)** Beyond 707, 3SBio is advancing a rich pipeline, including 705 (PD-1/HER2) and 706 (PD-1/PD-L1) in Phase 2, offering future business development (BD) potential. Fundamentals remain solid. Subsidiary 3S-Guojian (688336 CH) recently published estimated 2025 revenue of ~RMB 4.2bn. Excluding the ~RMB 2.9bn upfront payment for 707, organic revenue grew ~9% YoY. Moreover, we expect stable *TPIAO* performance and continued growth in *Mandi*.
- **Why do we differ vs consensus:** We estimate 3Sbio to hold a net cash of ~RMB13bn. Given Pfizer's stronger-than-expected clinical plans, we reiterate our high conviction in 707's potential to become a global blockbuster.
- **Valuation:** Our target price of HK$37.43 is based on a 10-year DCF model (WACC: 10.11%, terminal growth rate: 2.0%) .

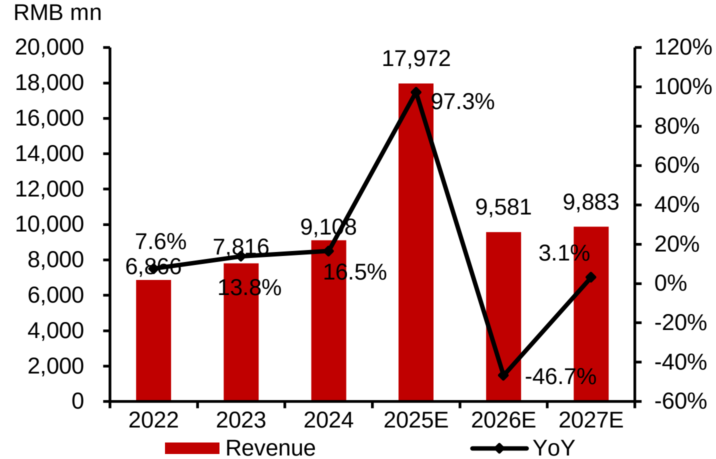
Link to latest report:三生制药 (1530 HK) - 辉瑞全速推进707全球临床，ADC联用蓄势待发

Financials and valuations

(YE 31 Dec)	FY25E	FY26E	FY27E
Revenue (RMB mn)	17,972	9,581	9,883
YoY growth (%)	97.3	(46.7)	3.1
Net profit (RMB mn)	9,741	2,134	2,287
YoY growth (%)	366.0	(78.1)	7.2
EPS (RMB)	3.84	0.84	0.90
P/E (x)	5.6	25.6	23.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

Ping An (2318 HK) – Expect fundamental improvements to drive valuation expansion

Rating: BUY | **TP:** HK$90.0 (27% upside)

Analyst: Nika MA

- **Investment thesis: 1) Group OPAT:** expect to scale up by 12% YoY in FY25E to RMB136bn, which implies ~46% YoY increase in 4Q25 (vs.3Q25: +15.2%). The 4Q acceleration could be driven by a) robust L&H OPAT growth underpinned by improving operating variance and investment service result; b) asset management on a YoY drop of impairment loss thanks to capital market recovery and c) P&C's robust underwriting profit. **2) Group NPAT:** we forecast a 5.1% YoY increase in FY25E to RMB133bn. That said, non-operating items (i.e. NPAT-OPAT) could fall in 4Q due to a) weaker equity market performances (i.e. CSI300/SHCOMP: -0.2%/ +2.2% in 4Q25, vs. 3Q25: +18%/+13%); b) an uplifting bond yield to 1.85% as of year-end and flattened in 4Q25, which likely reduced bond fair value gains; and c) revaluation losses on higher value of H-share convertible bonds (Ping An-H share price up by 22.8% (vs. 3Q25/2Q25/1Q25: +6.4%/+7.7%/+0.5%). **3) Resilient NBV growth expected in FY26E.** We expect the insurer's FY26E NBV to accelerate at a double-digit against a high base in FY25 with bancassurance outgrowing agency.
- **Increasing stakes in high-yield H-share banks and China Life-H.** Ping An owns a lower mix of TPL stocks (vs. OCI) compared to peers, for which as of 1H25, the insurer's OCI/TPL stock composition was 65%/35% vs. China Life's 23%/77% and NCI's 20%/80%. The insurer consistently increased stakes in H-share SOE banks and insurance peers i.e. China Life-H/CPIC-H, with the latest disclosure of share-holding in ABC-H (1288 HK)/ICBC-H(1398 HK)/PSBC(1658 HK)/CMB(3968 HK) at 26.11%/19.02%/17.03%/24.18% and the stakes in China Life-H (2628 HK)/CPIC-H (2601) at 10.06%/9.05% per HKEx. We regard the high-yield strategy will remain the core of the insurer's strategic asset allocation (SAA) in FY26E.
- **Risk-reward profile still attractive.** The stock is trading at 0.73x FY26E P/EV and 1.0x FY26E P/B with avg. 3yr forward ROE at 13% and a yield of 4.5%, the highest among peers. We think the insurer's fundamental improvements across-the-board could support a valuation expansion cycle in FY26E, and we maintain the view that the CSM release could return to positive growth trajectory in 2H26E. Maintain BUY.
- **Key risks:** 1) regulatory tightening on life insurance or financial conglomerates; 2) prolonged interest rate downtrends; 3) whipsawed equity market performances; 4) lower-than-expected sales volumes; 5) intensified pricing competitions in P&C, etc.

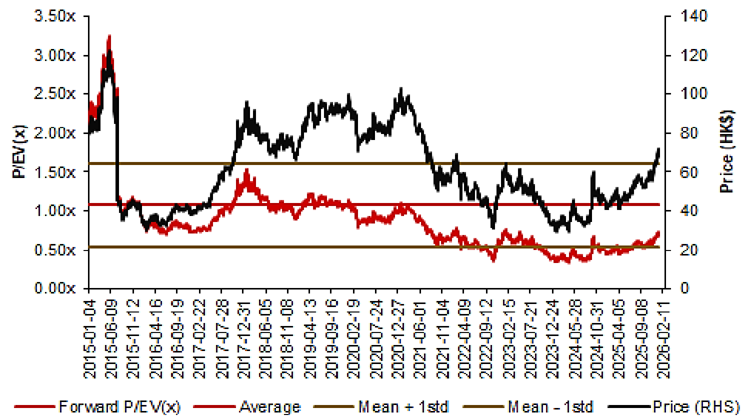
Link to latest report: Ping An (2318 HK) - Banca fuelling NBV growth in jumpstart sales; 4Q earnings could ease on growth stock corrections

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	126,607	133,050	140,264	150,344
EPS (RMB)	7.16	7.52	7.93	8.50
Consensus EPS (RMB)	N/A	8.12	8.71	9.34
P/EV (x)	0.8	0.8	0.7	0.7
P/B (x)	1.3	1.1	1.0	0.9
Dividend yield (%)	4.0	4.3	4.5	4.8
ROE (%)	13.9	13.3	12.4	12.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: P/EV(x) just above historical average-1std



Source: Bloomberg, CMBIGM estimates

AIA (1299 HK) – Rising momentum driven by strong cross-border UW demands

Rating: BUY **| TP:** HK$89.0 (8% upside)

Analyst: Nika MA

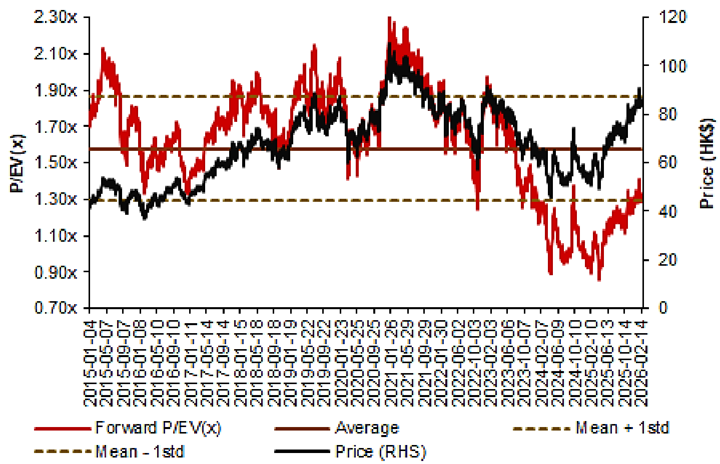
- **Investment Thesis:** We expect strong demands to sustain across APAC markets in 2026E. AIA's VONB outperformed by rising 25% YoY (CER) to US$ 1,476mn in 3Q25 with key operating markets incl. HK, Mainland China, ASEAN and India all achieving double-digit VONB upticks. Margin expansion sustained in 3Q (+5.7 pct) on top of the strength in 1H25 (+3.9pct), driven by a favorable shift in product mix. In 1H25, AIA announced the highlighted China Growth Strategy, for which the company targets a 40% CAGR of VONB in FY25-30E for the new regions entered post-2019 (current: 9 regions) alongside a target to expand 1-2 regions per year. In 3Q25, VONB of the nine regions was doubled with the mix to AIA China VONB rising to 11% (1H25: 8%). If excl. the four new regions that launched operations in 1H25, the five developing geographies grew VONB by 35% YoY in 3Q, outpacing that of AIA China by 27% YoY (CER basis). AIA HK's VONB was up by 40% YoY, supported by strong momentum of both the domestic market and MCV. This China Growth Strategy could help gain tractions to investors on VONB upticks, in our view.
- **Catalysts:** 1) regulatory approvals on AIA China's geographical expansion plans; 2) AIA HK's new business sales momentum against the backdrop of the new tax regime under the CRS and sustained momentum from cross-border demands. In FY25, MCV arrivals reached 37.8mn in total rising 11.1% YoY against a high base, and we expect the underwriting momentum to remain robust in 2026E given solid MCV arrival; 3) AIA India's VONB contribution and potential efforts on product mix enhancement; and 4) new buyback program to be announced in mid-March 2026.
- **Maintain BUY.** The stock is trading at 1.3x FY26E P/EV or 2.3x FY26E P/B, with dividend yield at 2.5%. We expect the total shareholder return to arrive at 4.5% in FY26E (2.5% dividend + 2.0% buyback), with the next round of buyback program to be announced in March 2026 during full-year earnings call. So far, we believe the market has been more convinced by the growth narrative of AIA rather than viewing it as a high-yield target. The China Growth Strategy (40% CAGR of VONB in FY25-30E) could lead in another growth narrative to boost the share price uplift.
- **Downside risks:** 1) heightened stock market fluctuations and unexpected shock to interest rates and FX movements; 2) prolonged low interest rate in mainland China; 3) sluggish sales momentum and margin retreats; 4) significant drop in shareholder capital ratio and free surplus balance, etc.
- **Link to Latest report:** AIA Group Ltd. (1299 HK) - 1H25 review: Resilient VONB uptrend with optimistic outlook on China Growth Strategy

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (US$ mn)	6,836	6,630	6,351	7,006
EPS (US$)	0.60	0.67	0.75	0.84
Consensus EPS (US$)	N/A	0.66	0.74	0.82
P/EV (x)	1.7	1.5	1.3	1.2
P/B (x)	2.9	2.6	2.3	2.1
Dividend yield (%)	2.1	2.3	2.5	2.8
Operating ROE (%)	16.2	16.7	16.8	16.8

Source: Company data, Bloomberg, CMBIGM estimates

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



Source: Bloomberg, CMBIGM estimates

FUTU Holdings (FUTU US) – Attractive risk-reward to reinforce long-term conviction

Rating: BUY **| TP:** US$228 (49% upside)

Analyst: Nika Ma

- **Investment Thesis:** Strong market turnover sustained. HK and US stock markets sustained strong turnover momentum in 3Q/4Q25 which could benefit Futu's net asset inflows and a MTM appreciation on clients' holdings. We expect the broker's new paying clients to be on track in FY25, meeting the mgmt. annual target of 800k with net asset inflows sequentially lifting despite a high base in 2Q. Trading volumes could rise quarter-by-quarter driven by robust client AUM growth and trading velocity enhancement. The 3M HIBOR rebounded back to above 3.5% in 2H25, which alleviated concerns to the broker's net interest income. We project NII to sequentially drop in 2H25, partly due to the impact of the Fed's pivot. Cost per new client acquisition (CAC) could remain below the guidance of HK2.5k-3k. We see earnings upside in FY25E driven by 1) a higher trading velocity, 2) more strengthened interest income from our current forecast and 3) a robust client AUM.
- **Key catalysts:** 1) FY25 earnings release in late Mar-26; 2) the pace of Fed pivot in 2026E (current market expectation of twice rate cuts with 25bps by each); 3) crypto-related campaigns across markets and updates on the VATP license in HK.
- **Attractive risk-reward profiles.** Futu's ADR is trading at 17x/15x FY26/27E P/E, buoyed by improving market liquidity and price volatilities of crypto assets. Even if the market factors in an upward earnings revision in FY25-26E, we see current valuation as undemanding. The broker's average 3yr forward ROE in FY26-28E is at 23%, compared to the peer averages of >30x 26E P/E and less than 20% ROE. Reiterate BUY with our TP at US$228, which implies 23x/20x FY26E/27E 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) - 3Q earnings a strong beat, driven by resilient net asset inflows and NII recovery

2. Futu Holdings (FUTU US) - Marketing feedback: short-term views mixed; 3Q EPS upside to reinforce long-term convictions

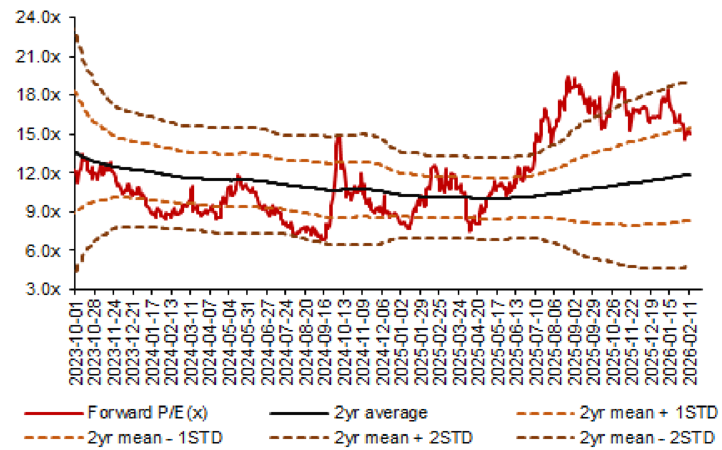
3. Futu Holdings (FUTU US) - Pioneered one-stop financial services platform to ride on crypto advancements; Initiate BUY

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Net profit (HK$ mn)	5,768	11,016	11,554	13,060
EPS (HK$)	38.9	75.8	79.1	89.3
Consensus EPS (HK$)	N/A	79.0	91.9	108.3
P/E (x)	30.9	15.8	15.3	13.6
P/B (x)	6.2	4.5	3.5	2.8
ROE (%)	20.7	31.9	25.0	22.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Share price and P/E(x) valuation



Source: Bloomberg, CMBIGM estimates

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

Rating: BUY | **TP:** HK$760 (45% 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) step-up of AI investment will drive marketing and cloud business revenue growth. .

- **Our View:** Tencent 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) Continued AI empowerment of core businesses to drive revenue growth in advertising, cloud and gaming; AI-native applications such as Yuanbao and ima are experiencing rapid user expansion through the Weixin ecosystem and gradually exploring potential monetization opportunities. 2) Launch of major new games including Honor of Kings: World and Ni Zhan: Future and Roco Kingdom: World to drive gaming revenue growth. 3) Rapid development of Weixin commercial ecosystem, with sustained strong growth in Weixin Video Account advertising and e-commerce.

- **Valuation:** Our SOTP-derived target price is HK$760.0, consisting of HK$335.3/38.6/150.4/103.4/30.9 for games/SNS/marketing/FBS/cloud and HK$19.1/82.2 for net cash/strategic investment.

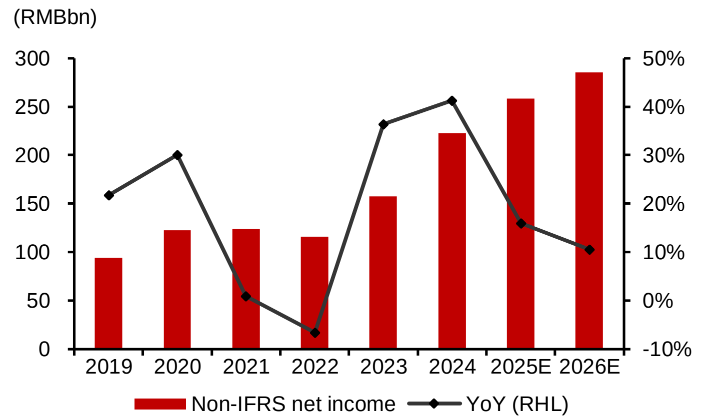
Link to latest report: Tencent (700 HK) - 3Q25 results: solid growth across business lines; upbeat on long-term AI opportunities

Financials and Valuations

(YE 31 Dec)	FY23	FY24	FY25E	FY26E
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-GAAP P/E (x)	28.4	19.7	17.0	15.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Kuaishou (1024 HK) – AI empowers all business lines

Rating: BUY | **TP:** HK$88.0 (32% upside) Analyst: Saiyi He/Wentao LU/Frank Tao

- **Investment Thesis:** The company benefits from the development of AI applications across segments: 1) Kling AI ARR reached US$240mn in Dec 2025, and we expect its strong growth momentum to persist in FY26E; 2) Online marketing business leverage AI models like OneRec to drive an incremental 4–5% growth in domestic online marketing services revenue in 3Q25; 3) E-commerce: the launch of the generative retrieval architecture OneSearch has enabled more accurate product matching, boosting 5% growth in shopping mall search order volume. We are upbeat on the company's sustained gains from AI empowerment and resilient profit growth, and forecast a 14% YoY increase in its adjusted net profit for FY26E.

- **Our View:** We forecast Kuaishou's total revenue to grow 8% YoY in FY26E, supported by: 1) Online marketing revenue to grow by 9% YoY, driven by continuous upgrades to content recommendation and advertising models. Additionally, the local services and content consumption sectors are poised to contribute incremental ad budgets. 2) Other revenue to grow by 13% YoY, primarily supported by healthy e-commerce GMV growth and incremental contributions from Kling AI revenue. 3) Live streaming revenue to increase by 3% YoY. On the earnings front, we expect FY26 adjusted net profit margin to expand by c.1 ppt YoY, mainly benefiting from operating leverage and optimized customer acquisition costs, partially offset by increased investments in AI-related initiatives.

- **Catalysts:** 1) Continuous upgrade of Kling AI, alongside enhanced PUGC- and B-end monetization, will drive incremental AI application revenue. 2) Ongoing optimization of content recommendation and advertising models will boost traffic and improve the ROI of ad solutions. 3) Expansion of e-commerce product supply and scenario will increase user repurchase frequency, driving e-commerce GMV growth.

- **Valuation:** HK$8.2/29.3/44.3 for live streaming/online marketing/e-commerce, and HK$6.1 for net cash.

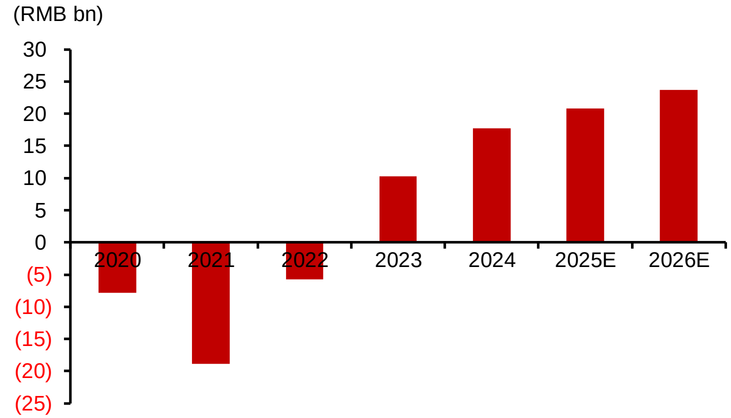
Link to latest report: Kuaishou (1024 HK) - 3Q25 results: AI empowers all business lines

Financials and Valuations

(YE 31 Dec)	FY23	FY24	FY25E	FY26E
Revenue (RMB mn)	113,470	126,898	142,060	153,692
Adj net profit (RMB mn)	10,271	17,716	20,778	23,731
EPS (Adjusted) (RMB)	2.38	4.12	4.85	5.54
Consensus EPS (RMB)	2.38	4.12	4.72	5.53
Non-GAAP P/E (x)	25.8	14.9	12.6	11.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Alibaba (BABA US) – Strong cloud revenue growth; still eyeing on from quick commerce synergy generated from quick commerce

Rating: BUY **| TP:** US$206.4 (34% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu

- **Investment Thesis:** 1) strong growth prospects for cloud computing revenue, driven by rising adoption of AI-related products and growing digitalization demand; 2) the rapid growth of instant retail is expected to enhance user stickiness and drive better customer management revenue (CMR) prospects in the medium to long term. Endowed with strong technological capabilities and abundant AI application scenarios, Alibaba is poised to drive its long-term revenue and profit growth through its two strategic business pillars: "Consumption" and "AI + Cloud".

- **Our View:** Alibaba remains one of the key beneficiaries of the AI investment theme. We are positive that Alibaba could sustain its robust cloud revenue growth, drive for more synergies between e-commerce and quick commerce, and unlock more potentials in AI and agent related business in 2026E.

- **Catalysts:** 1) better-than-expected cloud revenue growth aided by increase in inference demand, which should propel an expansion in cloud valuation; 2) more updates regarding AI-related business initiatives and monetization; 3) positive update regarding fintech business investees.

- **Valuation:** Our SOTP-based valuation of US$206.4 translates into 23/18x FY27/28E PE.

Link to latest report: Alibaba (BABA US) – Strong cloud revenue growth; still eyeing on from quick commerce synergy generated from quick commerce

Financials and Valuations

(YE 31 Mar)	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	996,347	1,036,665	1,162,388	1,287,557
Adjusted net profit (RMB mn)	158,095.0	106,432.1	150,523.1	192,427.5
EPS (Adjusted) (RMB)	67.31	45.89	65.55	84.65
P/E (x)	20.2	22.2	19.3	14.5

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	$/ADS	Value split
1	Alibaba China E-commerce Group	12x FY28E EV/EBITA; assume 20% tax rate on adjusted EBITA; discounted back with 11% WACC		21,273	12.0		1,491,753	207,188	86.7	42%
2	International Digital Commerce Group	1.5x FY26E EV/S	20,573			1.5	222,192	30,860	12.9	6%
3	Cloud Intelligence Group	7.5x FY27E EV/S on revenue before intersegment elimination; discounted back with 11% WACC	28,819			7.5	1,402,028	194,726	81.5	39%
4	All others	1.0x FY26E EV/S	34,906			1.0	251,323	34,906	14.6	7%
	Total Alibaba business						**3,367,296**	**467,680**	**195.7**	
INVESTMENTS										
1	Ant Group	Last round share buyback valuation; 33% share holding					187,143	25,992	10.9	
2	Others	Market valuation					75,325	10,462	4.4	
	Total investment (with 30% holding discount)								**10.7**	5%
	Total (US$mn)								**206.4**	
	#s of diluted ADS (mn)								2,390	

Source: Company data, CMBIGM estimates

Trip.com (TCOM US) – 3Q results beat; travel demand remains solid

Rating: BUY **| TP:** US$83.0 (50% 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 4Q25E 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; 3) shoe-drop on the anti-monopoly investigation, although this likely takes 3-6 month's time.
- **Valuation:** DCF-based valuation of US$83.0, which translates into 20x 2026E PE (non-GAAP).

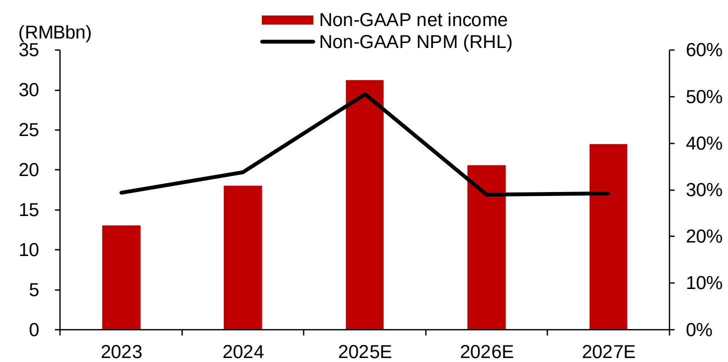
Link to latest report: Trip.com Group (TCOM US) – 3Q results beat; travel demand remains solid

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	53,377	61,948	71,050	79,434
YoY growth (%)	19.8	16.1	14.7	11.8
Net profit (RMB mn)	17,067.0	31,336.5	18,266.2	20,880.8
Adjusted net profit (RMB mn)	18,041.0	31,228.3	20,561.1	23,248.0
YoY growth (%)	38.0	73.1	(34.2)	13.1
EPS (Adjusted) (RMB)	25.84	44.79	29.49	33.34
P/E (x)	19.4	10.6	18.2	15.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: TCOM: non-GAAP net profit



Source: Company data, CMBIGM estimates

CR MixC Lifestyle (1209 HK) – FY25 preview: core NP growth trimmed to low teens

Rating: BUY **| TP:** HK$53.96 (12% upside)

Analysts: Miao Zhang

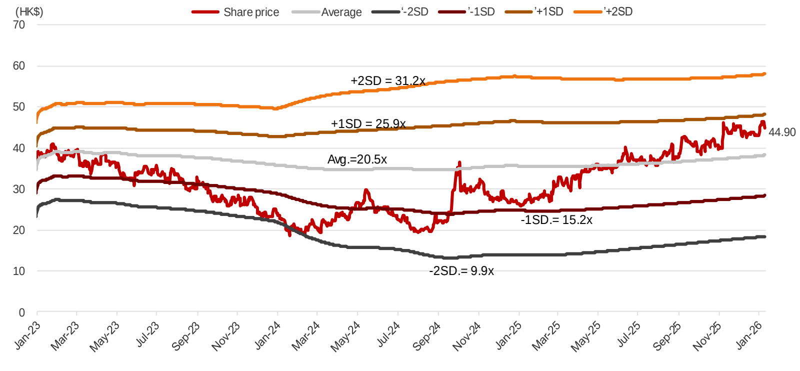
- We forecast CR MixC's FY25E revenue to increase by 6.5% YoY to RMB 18.2bn, where the residential segment is flat YoY, dragged by VAS biz. During the period, we expect the commercial segment to grow 13.8% YoY, mainly because revenue growth of shopping mall slowed to 18% on a high base (30% in FY24 driven by one-off factors). We expect core NP to rise 10.8% YoY to RMB 3.9bn in FY25E, underpinned by stable GP margin in basic PM, continued improvement in GP margin of shopping mall, and lower SG&A ratio. Our TP is HK$53.96 based on 25x 2026E P/E, reflecting reduced reliance on residential biz, strengthened sector leadership, and enhanced scarcity premium amid capital allocation demand. Given the long-term investment value of the Company, FY25 results at the lower end of guidance range may trigger share price pullback, and thus we advise investors to build positions proactively.
- **Shopping mall biz:** FY25E retail sales growth is expected to lie in the 20-25% range, with 14 luxury malls growing faster, mainly benefiting from new consumption formats such as trendy toys, gold & jewelries, and outdoor gears etc. We expect related consumption to continue to outperform peers in 2026 amid ongoing geopolitical turbulence and domestic asset price pressure. We estimate the segment’s FY25E revenue to increase 18% YoY (vs. 30% in FY24), primarily due to a high base (one-off). On third-party expansion, the company secured 11 projects by end-Nov, exceeding the full-year target of 10, and completed the target of 14 new openings. We expect the GP contribution from shopping mall biz to reach 60% in FY25E, lifting the entire GP contribution of commercial operations segment to above 70%.
- **Residential biz:** We expect segment revenue to be broadly flat (+1.3% YoY) in FY25E, with basic PM remaining stable amid sector headwinds, up 8.7% YoY. Non-owner VAS and community VAS revenues each declined 30%+ YoY, dragged by shrinking new home market and accounting method changes. Segment GP margin remained stable. Third-party expansion reached RMB 940mn by end-Nov, largely on track to meet the full-year target of RMB 1.0bn.
- **100% payout can be expected.** We see a high likelihood that the company will maintain a 100% payout ratio (60% ordinary + 40% special), based on: 1) no clear plan for large-scale capital deployment at present; and 2) according to recent PM sector practice, when results land at or below guidance, firms tend to use a higher payout ratio to stabilize market sentiment

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	14,767	17,043	18,154	19,698	21,172
YoY growth (%)	22.9	15.4	6.5	8.5	7.5
Net profit (RMB mn)	2,928.7	3,629.4	4,008.4	4,483.1	4,951.9
YoY growth (%)	1.28	1.59	1.76	1.96	2.17
EPS (RMB)	32.8	23.9	10.4	11.8	10.5
Consensus EPS (RMB)	N/A	N/A	1.78	2.03	2.27
P/E (x)	33.2	26.8	24.2	21.7	19.6
P/B (x)	6.1	5.9	6.8	6.6	6.3
Yield (%)	1.1	1.5	4.0	4.5	5.0
ROE (%)	19.4	22.4	26.0	30.8	32.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimate (data as of 13 Jan 2026)

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

Rating: BUY | **TP:** HK$6.61 (49% 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 (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)	21.6	16.4	14.7	12.9	11.7
P/B (x)	2.1	1.8	1.8	1.7	1.7
Yield (%)	3.3	4.5	5.1	5.8	6.4
ROE (%)	8.3	10.3	11.0	12.2	13.2

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 (49% 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 based on 25x FY26E P/E, in-line with the past 10-yr hist. fwd. P/E, back by share gains and product expansion to capture AI server, Apple and NEV opportunities in next 3-5 years.

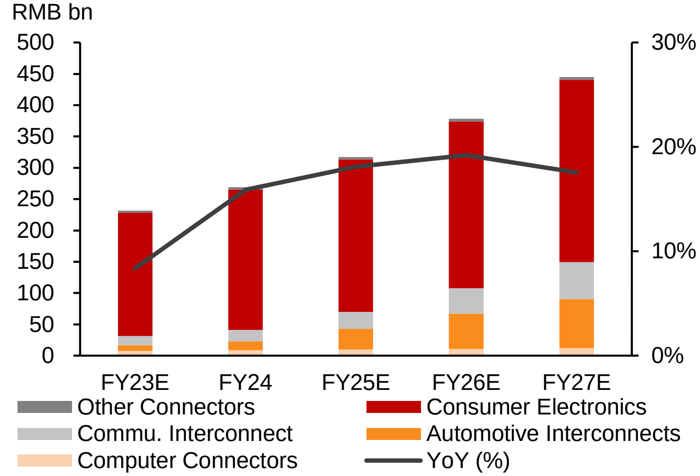
Link to latest report: Luxshare (002475 CH) - Stronger outlook in Apple upgrade cycle and Leoni/ODM synergies; Lift TP to RMB75.55

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
EPS (RMB)	1.86	2.40	3.02	3.87
YoY growth (%)	20.8	29.1	25.9	28.2
Consensus EPS (RMB)	N/A	2.35	2.93	3.57
P/E (x)	27.3	21.1	16.8	13.1
P/B (x)	4.3	3.5	2.9	2.4
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

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

Rating: BUY | **TP:** HK$60.55 (64% upside)

Analyst: Alex Ng/ Hanqing Li

- **Investment Thesis:** AAC Technologies is a global leading provider of sensory experience solutions with a strong product portfolio in acoustics, optics, haptics, sensor and semiconductor, and precision manufacturing. Key segments include smartphones, intelligent vehicles, VR/AR and smart homes. We believe AAC is well-positioned to capture multiple trends in AI smartphones (optics/VC/MEMs), foldable phones (hinges/casing), auto acoustics (speakers/MEMs) and robotics (actuators/ EM) in FY25-27E.

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

- **Why do we differ vs consensus:** We are more positive on AAC's margin upside, WLG ramp-up and auto biz momentum.

- **Catalysts:** Near-term catalysts include product launches (AI/foldable/ultra-thin phones/AI glasses), robotics orders and optics margin expansion.

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

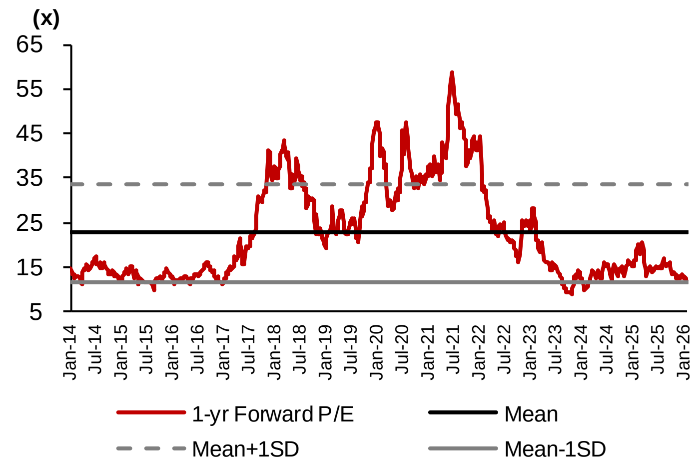
Link to latest report: AAC Tech (2018 HK) - 1H25 upgrade cycle in 2H25E in-line despite GPM dip; Solid outlook intact on AI-driven upgrade cycle in 2H25E

Financials and Valuations

(YE 31 Dec)	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	27,328	32,848	37,596	41,623
YoY growth (%)	33.8	20.2	14.5	10.7
Net profit(RMB mn)	1,797	2,515	3,187	3,735
EPS (RMB)	1.53	2.17	2.75	3.22
YoY growth (%)	143.8	41.6	26.7	17.2
Consensus EPS (RMB)	N/A	2.08	2.49	2.89
P/E (x)	21.8	15.4	12.2	10.4
P/B (x)	1.7	1.5	1.4	1.3
Yield (%)	0.7	1.0	1.6	1.8
ROE (%)	7.8	10.0	11.5	12.2
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: AAC 12M forward P/E band



Source: Company data, CMBIGM estimates

BYDE (285 HK) – Apple order win, rapid auto ramp-up and AI server biz expansion

Rating: BUY **| TP:** HK$43.54 (34% 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.

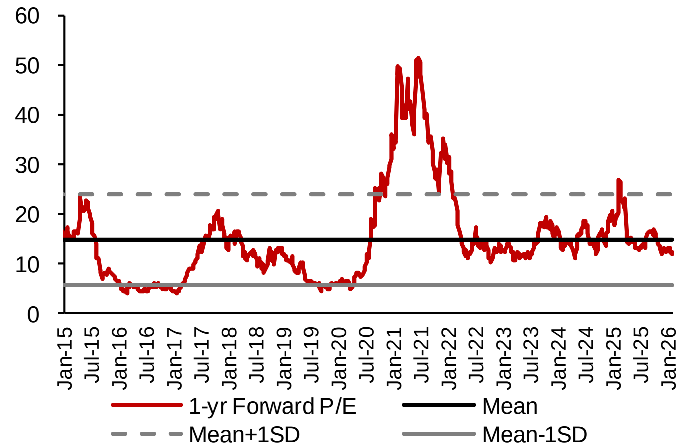
Link to latest report: BYDE (285 HK) - NDR takeaways: Apple/AI server/auto to accelerate revenue growth in 2026

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)	15.8	15.6	12.2	9.7
P/B (x)	2.5	2.3	2.1	1.8
Yield (%)	1.6	1.6	2.1	2.6
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) – Pluggables still dominant; CPO fears premature

Rating: BUY | **TP:** RMB707 (33% upside)

Analysts: Lily Yang/ Kevin Zhang

- **2025 earnings preview:** The Company posted 2025 earnings preview, with NP expected to be RMB9.8 - 11.8bn (vs RMB5.2bn in 2024), implying +89.5% to +128.2% YoY on strong hyperscaler/AI infra. capex and improved product mix.
- **Recent share price volatility:** Innolight's share price saw heightened volatility recently, driven by a cluster of market concerns, NPO/CPO adoption timing, hyperscaler network roadmap evolution, and upstream suppliers' capacity expansion, which prompted mgmt. to host an investor Q&A to address investor questions.
- We view this drawdown as sentiment-driven rather than fundamentals-driven. The core investment theme remains intact: pluggable optical transceivers will continue to dominate hyperscaler scale-out/scale-across deployments through 2026–27E, and Innolight retains a structurally irreplaceable position in high-speed pluggables. Recent earnings from Lumentum (LITE US, NR) and Coherent (COHR US, NR) further reinforce a demand-driven industry backdrop, while practical constraints (reliability validation, serviceability, ecosystem readiness) suggest meaningful CPO adoption is unlikely before late-2027, not a 2026 displacement risk. Reiterate BUY on Innolight with TP unchanged at RMB707.
- **Risks:** 1) escalating trade tariff and geopolitical tension, 2) supply chain disruption, 3) slower-than-expected new product adoption rate.
- **Valuation:** Maintain BUY. TP of RMB707 is based on 28x 2026E P/E.
- **Risks:** 1) escalating trade tariffs and geopolitical tension, 2) supply chain disruption, 3) slower-than-expected new product adoption rate.
- **Valuation:** Maintain BUY with TP at RMB707, based on 28x 2026E P/E.

Links to latest reports:

1.Innolight (300308 CH) - Pluggables first, new architecture later

2.Innolight (300308 CH) - A clear beneficiary of global AI infrastructure capex; remains our top pick in 2026

3. Innolight (300308 CH) - Record-high quarter driven by AI demand; Robust cloud capex underpins outlook

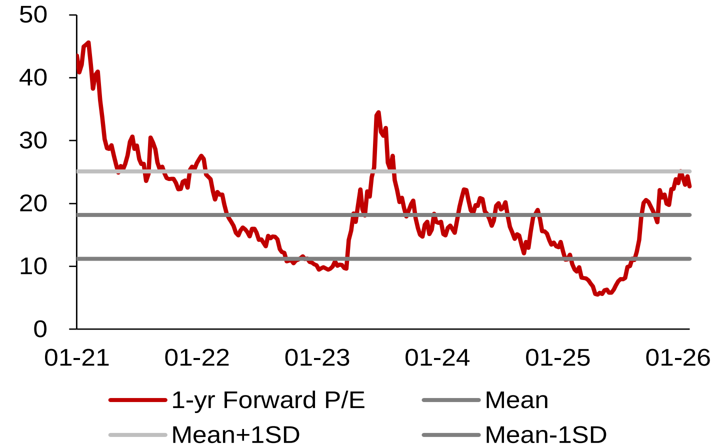
4. Innolight (300308 CH) - Record revenue and earnings coupled with significant margin expansion; Maintain BUY

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	10,718	23,862	38,054	83,794	112,154
YoY growth (%)	11.2	122.6	59.5	120.2	33.8
Gross margin (%)	33.0	33.8	42.0	46.2	46.3
Net profit (RMB mn)	2,174	5,171	10,950	27,774	38,357
YoY growth (%)	77.6	137.9	111.7	153.6	38.1
EPS (Reported) (RMB)	2.00	4.72	9.95	25.23	34.85
P/E (x)	263.7	111.8	53.0	20.9	15.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: P/E band



Source: Company data, CMBIGM estimates

Shengyi Tech (600183 CH) – Structural AI beneficiary powered by dual-engine growth

Rating: BUY **| TP:** RMB90 (40% upside)

Analysts: Lily Yang/ Kevin Zhang

- **2025 earnings preview:** Shengyi Tech released its 2025 earnings preview, with net profit expected at RMB 32.5–34.5bn (up 87%–98% YoY). The strong performance was driven by rising shipment volume and product-mix upgrades that lifted margins, supported by robust demand for high-end CCL (ultra-low-loss / extremely-low-loss) amid accelerating AI infrastructure buildout. Management highlighted ongoing mix optimization and efficiency improvements as key contributors to profitability.
- **Our view:** Shengyi Tech is structurally positioned as one of China's most direct beneficiaries of the AI server buildout, anchored by a dual-engine model spanning premium CCL materials and high-layer-count / HDI PCB. As AI clusters scale, PCB requirements are intensifying: higher layer counts, tighter line/space, greater HDI penetration, and materially higher usage of ultra-/extremely-low-loss laminates, all of which have areas that Shengyi combines deep process know-how with meaningful capacity and execution advantages.
- Its subsidiary **Shengyi Electronics (688183 CH, NR)** has delivered standout momentum, with net profit in 2025 expected to be RMB1.43bn-1.51bn, per its earnings preview, accelerating the company's earnings mix shift toward higher-value, higher-margin products. Meanwhile, CCL continues to provide a resilient base: cost pressures appear manageable, pricing discipline is improving, and demand-driven tightness supports pass-through. We see structural gross margin upside from (1) mix shift toward advanced PCB/HDI, (2) stronger absorption as utilization improves, and (3) continued CCL margin recovery, with incremental raw-material inflation increasingly transferable to customers given sustained end-market strength.
- **Key risks:** slower-than-expected capacity ramp-up, intensified competition, geopolitical uncertainties, etc.
- **Valuation:** Our TP of RMB90 is based on 35x 2026P/E.

Links to latest reports:

1.Shengyi Tech (600183 CH) - 3Q25 results: AI super-cycle in full swing; Raising TP to RMB90

2. Shengyi Tech (600183 CH) - Strong 1H25 results underscore AI-driven strength

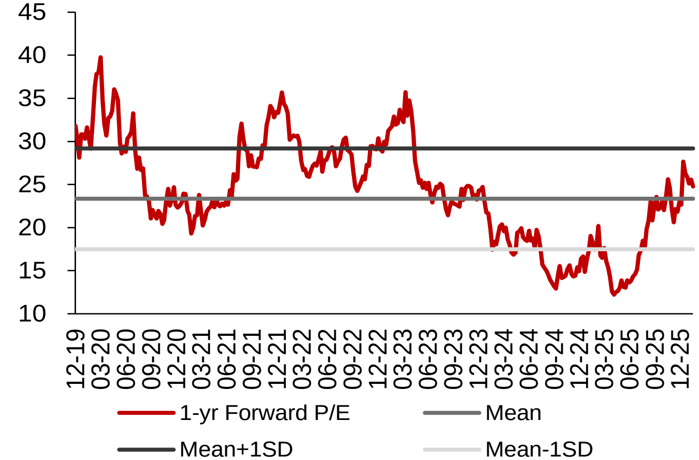
3. Shengyi Tech (600183 CH) - Embracing AI and moving on to a new growth trajectory

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)	137.5	92.0	45.6	25.5	18.2

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Naura (002371 CH) – Platform leader to capture China's SME localization upside

Rating: BUY | **TP:** RMB460 (upside: N/A)

Analysts: Lily Yang/ Kevin Zhang

- **Our view:** China's semiconductor equipment sector remains one of our top investment themes for 2026E, as localization momentum continues to accelerate and meaningful R&D breakthroughs look increasingly attainable. Naura, in our view, is the best-positioned platform-style domestic semicap champion to monetize these tailwinds, accelerated by a strong portfolio in etch, deposition, thermal processing and cleaning (collectively >80% of sales in 2025E, per our est.). With capacity expansion plans from China's major memory producers alongside steady foundry capex from leading logic players, we expect Naura to deliver resilient mid-to-long-term growth with improving share gains. In addition, the company's push into ion implantation and the Kingsemi acquisition further broaden its product offering (e.g., coating, bonding and cleaning) and should unlock cross-selling opportunities, platform synergies and stronger customer stickiness over time.
- 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 mixed 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 latest 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

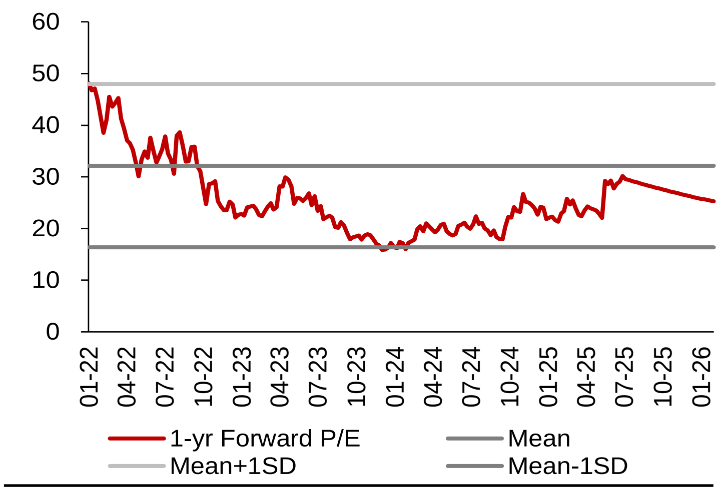
3.Naura Technology (002371 CH) - Solid Q3 earnings signal intact growth trajectory

Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	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)	88.3	61.3	47.2	36.6	29.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Datadog (DDOG US): Robust usage growth to drive solid revenue growth outlook

Rating: BUY **| TP:** US$196.90 (63% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu

- **Company introduction:** Datadog is a modern observability and security tools provider, starting with infrastructure monitoring and expanding to Application Performance Monitor (APM), Log Management, Network Performance Monitoring (NPM), Real User Monitoring (RUM), User Experience (UX), and cloud security on the unified platform. For 2025, Datadog's total revenue grew 27.7% YoY to US$3.4bn, and non-GAAP OPM reached 22.4%.

- **Investment thesis and our View:** We are positive on DDOG's long-term business development potential, driven by the secular trend of digital transformation and cloud migration, as well as DDOG's strong cross selling and upselling capability, and potential for international expansion. Our positive view is based on: 1) Datadog has strong cross-sell and upsell capability: as of 4Q25, c. 84/55/33/18/9% of customers used more than 2/4/6/8/10 products of the company, up by 1/5/7/6/4ppts YoY respectively; net dollar-based retention rate was about 120% in 4Q25, flat QoQ and up from high-110% in 4Q24; 2) Strong revenue growth trajectory was seen in both AI and non-AI customers: management highlighted that DDOG has accumulated more than 650 AI-native companies in its customer base in 4Q25 (3Q25: 500), among which 19 are spending more than US$1mn annually (3Q25: 15); revenue excluding AI-native customer group was up 23% YoY in 3Q25, accelerating from 18%/20% YoY in 2Q25/3Q25.

- **Catalysts:** 1) further acceleration in revenue growth from non-AI customers; 2) increase in ARR contribution from AI-native customers; 3) better than expected FCF growth aided by solid revenue growth and unleashing of operating leverage.

- **Valuation:** Our target price of US$196.9 is based on 16.3x FY26E EV/EBITDA, inline with two-year average plus one standard deviation.

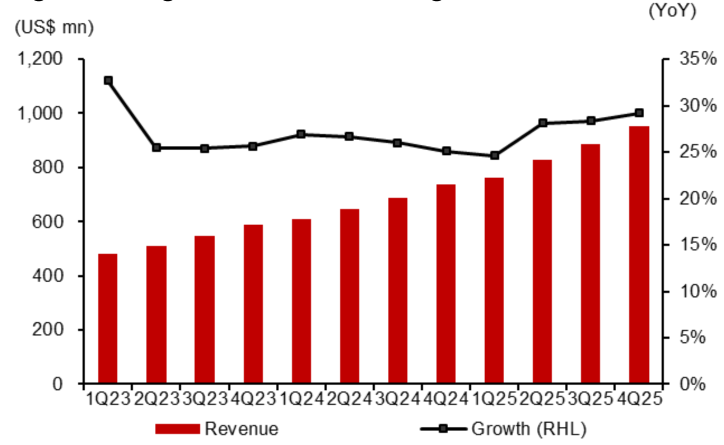
- **Link to latest report:** [Datadog (DDOG US) — Robust usage growth to drive solid revenue growth outlook]

Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	2,684	3,427	4,098	4,925	5,876
YoY growth (%)	26.1	27.7	19.6	20.2	19.3
Net profit (US$ mn)	183.7	107.7	97.0	168.8	262.6
Adjusted net profit (US$ mn)	653.8	746.6	779.2	992.7	1,232.5
YoY growth (%)	40.9	14.2	4.4	27.4	24.2
EPS (Adjusted) (US$)	1.83	2.06	2.09	2.57	3.06

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Datadog: revenue and YoY growth



Source: Company data, CMBIGM estimates

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