



# **CMBI Research Focus List**

## **Our best high conviction ideas**



11 Jun 2026

# CMBI Focus List – Long and short ideas

Company	Ticker	Sector	M cap Rating (US\$ bn)	3M ADTV (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY25A FY26E	P/B (x) FY25A FY25A	ROE (%) FY25A	Yield FY25A	Analyst		
<b>Long Ideas</b>														
Geely Automobile	175 HK	Auto	BUY	26.5	230.6	19.3	27.00	40%	11.70	10.20	2.10	18.8	2.4%	Shi Ji/ Wenjing Dou/ Austin Liang
Zenergy	3677 HK	Auto	BUY	2.1	5.3	6.5	18.00	178%	22.80	13.30	N/A	11.6	N/A	Shi Ji/ Wenjing Dou/ Austin Liang
Weichai Power	2338 HK	Capital Goods	BUY	35.4	96.0	33.7	45.10	34%	27.80	20.50	3.30	12.20	0.0%	Wayne Fung
Jiangsu Hengli	601100 CH	Capital Goods	BUY	24.3	179.8	122.6	125.00	2%	59.90	46.90	9.50	16.5	0.7%	Wayne Fung
Chuangxin Industries	2788 HK	Materials	BUY	4.9	26.1	18.5	32.00	73%	10.10	7.90	3.80	50.2	4.0%	Wayne Fung
Bosideng	3998 HK	Consumer Discretionary	BUY	6.2	12.0	4.2	5.55	33%	12.40	10.70	3.00	25.1	6.8%	Miao Zhang
Guoquan Food	2517 HK	Consumer Discretionary	BUY	0.7	11.5	2.1	4.80	129%	18.20	13.90	N/A	13.0	4.7%	Miao Zhang
Luckin Coffee	LKNCY US	Consumer Discretionary	BUY	8.7	40.7	30.3	54.68	80%	18.10	14.30	N/A	26.7	0.0%	Miao Zhang
CR Beverage	2460 HK	Consumer Staples	BUY	2.4	2.8	8.0	11.09	39%	18.10	15.20	1.60	8.9	3.4%	Miao Zhang
WuXi AppTec	603259 CH	Healthcare	BUY	43.1	641.3	96.9	143.00	48%	N/A	14.80	N/A	N/A	N/A	Jill Wu/Benchen Huang
3Sbio	1530 HK	Healthcare	BUY	5.2	93.4	16.1	34.87	117%	N/A	26.70	N/A	N/A	N/A	Jill Wu/Cathy Wang
Ping An	2318 HK	Insurance	BUY	136.2	278.4	56.6	86.00	52%	N/A	N/A	0.90	14.0	5.4%	Nika Ma
China Life	2628 HK	Insurance	BUY	131.7	187.9	28.1	34.00	21%	N/A	N/A	1.10	27.9	3.5%	Nika Ma
AIA	1299 HK	Insurance	BUY	98.5	357.7	73.8	112.00	52%	N/A	N/A	2.50	17.0	2.4%	Nika Ma
Tencent	700 HK	Internet	BUY	531.9	1801.7	457.6	750.00	64%	13.50	12.70	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao/Shuyin Guo
Alibaba	BABA US	Internet	BUY	276.8	1489.4	115.4	220.10	91%	N/A	21.70	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu/Shuyin Guo
Meituan	3690 HK	Internet	BUY	62.0	543.2	78.7	138.00	75%	N/A	N/A	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao/Shuyin Guo
Trip.com	TCOM US	Internet	BUY	30.2	137.0	48.0	83.00	73%	7.00	13.40	N/A	N/A	N/A	Saiyi He/Frank Tao/Wentao Lu/Shuyin Guo
CR MixC Lifestyle	1209 HK	Property	BUY	12.7	20.3	43.6	53.58	23%	25.10	22.40	6.40	24.8	1.2%	Miao Zhang
Greentown Service	2869 HK	Property	BUY	1.9	2.0	4.7	6.55	41%	14.80	12.70	1.80	11.2	5.1%	Miao Zhang
AAC Tech	2018 HK	Technology	BUY	6.3	36.1	42.2	55.27	31%	15.20	13.20	1.90	10.1	0.0%	Hanqing Li
FIT Hon Teng	6088 HK	Technology	BUY	6.7	88.4	7.2	7.42	3%	39.40	19.60	2.30	5.8	0.0%	Hanqing Li
Innolight	300308 CH	Semiconductors	BUY	181.0	3678.4	1099.4	1080.00	N/A	120.40	46.80	N/A	N/A	N/A	Kevin Zhang/Aaron Guo
InnoScience	2577 HK	Semiconductors	BUY	6.4	88.8	54.8	75.00	37%	N/A	N/A	N/A	N/A	N/A	Kevin Zhang/Aaron Guo
Naura	002371 CH	Semiconductors	BUY	67.6	916.9	631.9	540.00	N/A	76.60	54.70	N/A	N/A	N/A	Kevin Zhang/Aaron Guo

Source: Bloomberg, CMBIGM. Data as of 11/6/2026 2:30 p.m.

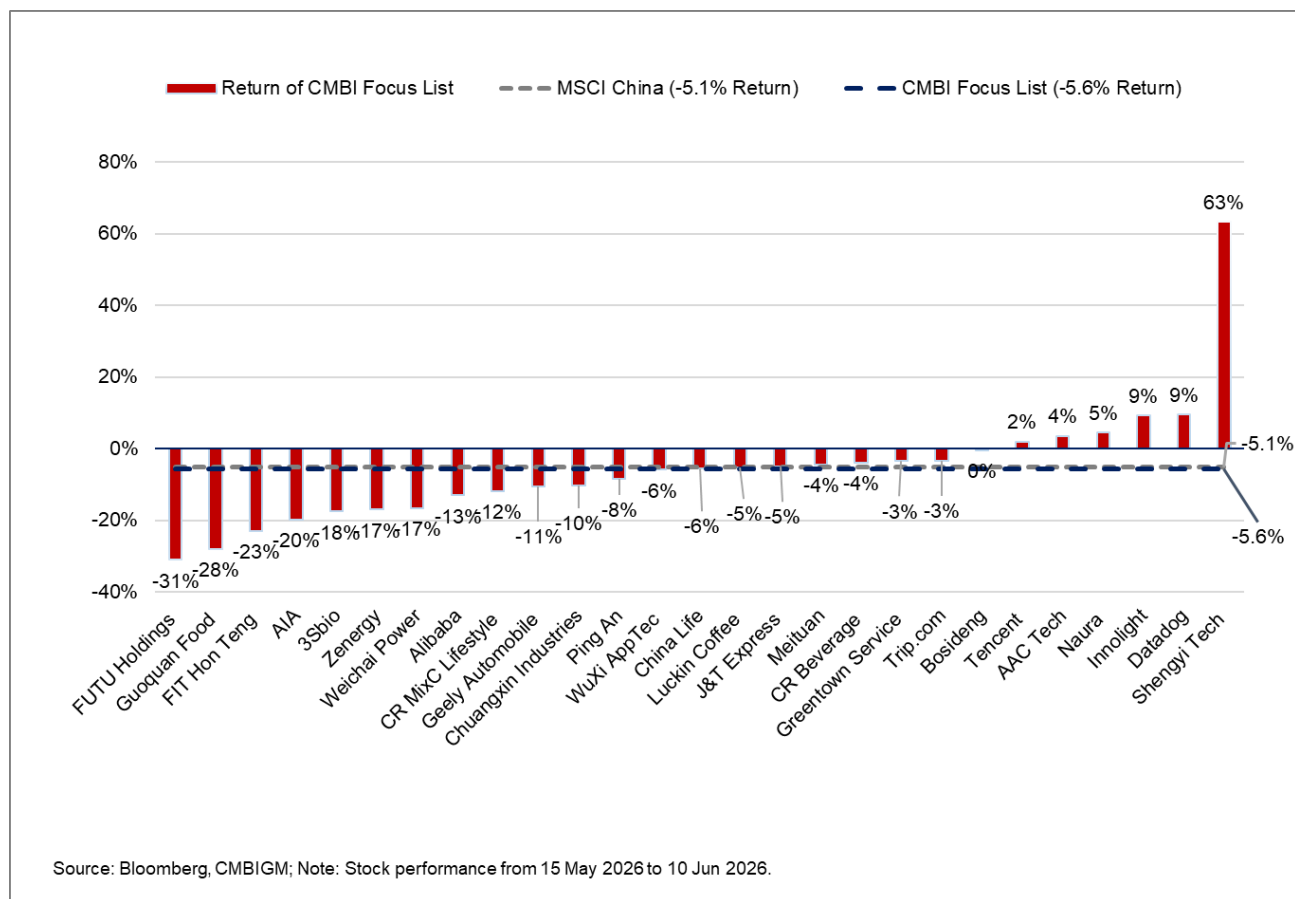
# Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
<b>Additions</b>					
Jiangsu Hengli	601100 CH	Capital Goods	BUY	Wayne Fung	We expect an outperformance driven by strong hydraulic business with upside from precision business including humanoid robot components.
<b>Deletions</b>					
J&T Express	1519 HK	Logistics	BUY	Wayne Fung	We see a lack of catalysts in the near term due to the uncertainties in the Indonesian market.
FUTU Holdings	FUTU US	Brokerage	BUY	Nika Ma	We intend to remove Futu Holdings (FUTU US, BUY, TP at US\$145) from our Jun conviction list post the CSRC-proposed ban on the existing mainland customers. The China's cross-border enforcement could adversely affect the broker's earnings over the next two years by 1) lowering the average AUM per customer and 2) driving a higher client acquisition cost (CAC) as the mainland accounts historically maintained several times higher average AUM per account than other overseas markets, and an expected acceleration in overseas expansions. We lower our FY26-28E earnings by 27% on average, to factor in potential impact on the exit of existing mainland accounts over the next two years, and a proposed-fine of RMB1.85bn in 1Q26. The share price could fluctuate in short term, even though the long-run regulatory overhand has been removed, in our view.
Datadog	DDOG US	Software & IT services	BUY	Saiyi He/Frank Tao/Wentao Lu/Shuyin Guo	We removed Datadog (DDOG US) from our focus list primarily because our investment thesis has largely played out, and the stock price has already exceeded our near-term target price.

Source: CMBIGM

# Performance of our recommendations

- In our last list dated 15 May 2026, we highlighted a list of 27 long ideas.
- The basket (equal weighted) of these 27 stocks underperformed MSCI China index by 0.5 ppts, delivering -5.6% return (vs MSCI China -5.1%).
- 11 out of the 27 stocks outperformed the benchmark.



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# Long Ideas

# Geely Automobile (175 HK) – Strong sales momentum led by exports and Zeekr

Rating: BUY | TP: HK\$27.00 (40% upside)

Analysts: SHI Ji/DOU Wenjing/Austin Liang

- **Maintain BUY.** Geely's total sales volume rose 1% YoY to 1.18mn units in the first five months of 2026, stronger than most peers and industry average, driven by exports (+158% YoY) and Zeekr brand (+93% YoY). Geely's 1Q26 net profit beat our forecast on strong GPM. We expect resilient GPM to continue despite rising raw material costs, thanks to higher overseas sales, better model mix and continuous cost reduction efforts from "One Geely" strategy. Overseas sales in 1Q26 were stronger than our prior forecast, and thus we revise up FY26E sales volume forecast to 3.5mn units. We also believe that Zeekr is now better positioned than before, which could lift margins and valuation.
- **More positive outlook for FY26E.** We revise up our FY26E sales volume forecast by 0.1mn units to 3.5mn units mainly for exports, as management has turned more positive on overseas sales. That also leads to our upward revision for FY26E GPM (from 17.4% to 17.7%), especially following 1Q26 beat. Management expects GPM in 2Q26 to be stable or even rise slightly. Meanwhile, we also revise down R&D capitalization ratio forecast from 64% to 58% in FY26E. Accordingly, we revise up FY26E net profit forecast by 8% to RMB20.9bn.
- **Zeekr's accelerated sales volume growth to provide greater margins and valuation.** We believe that Zeekr is now better positioned in the upscale market than a year ago after successful rollouts of the 9X and 8X. That could give investors more confidence in Geely, not only because of a larger room for growth in the premium segment, but also higher margins and better overall company image.
- **Valuation/Key risks.** We maintain our BUY rating with a target price of HK\$27.00, which is still based on 12x our FY26E P/E. Key risks to our rating and target price include lower sales volume and/or GPM than we expect, especially from NEV models, as well as a sector de-rating.

**Link to latest report:** [Geely Automobile \(175 HK\) - Geely Automobile \(175 HK\) - Higher earnings visibility after strong 1Q26](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	275,910	345,232	403,803	442,886
YoY growth (%)	54.0	25.1	17.0	9.7
Net profit (RMB mn)	16,811.9	16,852.2	20,886.3	24,112.1
YoY growth (%)	216.7	0.2	23.9	15.4
EPS (Reported) (RMB)	1.67	1.67	1.91	2.18
P/E (x)	11.7	11.7	10.2	8.9
P/B (x)	2.3	2.1	1.9	1.7
Yield (%)	1.6	2.4	3.9	4.5
ROE (%)	20.1	18.8	20.7	20.4
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

# Zenergy (3677 HK) – Stronger volume visibility and solid margin resilience

Rating: BUY | TP: HK\$18.00 (178% upside)

Analysts: SHI Ji/DOU Wenjing/Austin Liang

- **Maintain BUY.** Management showed strong confidence in its full-year deliveries of over 30GWh at our organized NDRs in HK & Shenzhen on 22-24 Apr. The controlling shareholder voluntarily locked its stake for additionally 12 months following the removal of restrictions on old shares on 14 Apr. We believe the selling pressure from pre-IPO shareholders should have been largely released. We expect new production lines with higher efficiency coupled with better cost control and minimal legacy burden to drive higher-than-peers margins. The company's long-term value is still underestimated by investors, in our view.
- **New orders could be better than expected.** Management turned more positive on its sales volume in FY26E, with a new guidance of 30+GWh at the analyst briefing, up from 30GWh in Aug 2025, as it secured design wins for 32 new models in FY25. The company also expects energy storage to account for 10-15% of total sales volume this year with new capacity available. Therefore, we revise up our FY26E sales volume forecast from 30GWh to 33GWh. Zenergy is likely to further expand its capacity in FY27E after a planned capacity increase of 35GWh in FY26E, which probably implies more solid order backlog than we had expected. We raise our FY27E sales volume forecast from 45GWh to 50GWh.
- **Superb opex control to offset possible GPM pressure.** We are of the view that battery makers could face more GPM pressure this year amid rising raw material costs, stiffer competition in China's NEV market and current geopolitical tension. We believe such possible dent could be offset by Zenergy's stringent opex control and greater economies of scale. We project GPM to narrow by 1.5ppts YoY to 16.9% in FY26E and SG&A and R&D combined ratio to drop by 2.7ppts YoY to 8.5% during the same period.
- **Earnings/Valuation.** We revise up our FY26-27E net profit estimates by 7%/10% to RMB1.46bn/2.07bn, respectively. We maintain our BUY rating and target price of HK\$18.00, based on 20x our revised FY27E P/E to reflect GPM uncertainties.

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	5,130	8,101	16,058	22,628
YoY growth (%)	23.3	57.9	98.2	40.9
Gross margin (%)	14.6	18.4	16.9	17.3
Operating profit (RMB mn)	(90.9)	377.2	1,389.6	2,090.7
Net profit (RMB mn)	91.0	808.6	1,454.8	2,066.7
YoY growth (%)	N/A	788.4	79.9	42.1
EPS (Reported) (RMB cents)	3.93	32.57	55.93	79.31
P/S (x)	3.7	2.3	1.2	0.8
P/E (x)	188.8	22.8	13.3	9.4
ROE (%)	1.7	11.6	16.5	19.4
Net gearing (%)	12.8	5.4	(7.3)	(14.0)

Source: Company data, Bloomberg, CMBIGM estimates

Link to latest report: [Zenergy \(3677 HK\) - Brighter sales outlook after strong 2H25 earnings](#)

# Weichai Power (2338 HK) – AIDC power driven re-rating to continue

Rating: BUY | TP: HK\$45.1 (34% upside)

Analyst: Wayne Fung

- Investment Thesis:** Weichai is now transforming to a power play. We expect the contribution of power related engine EBITDA (on attributable basis) to increase substantially from 17% in 2026E to 38% in 2028E. Within the power segment, AIDC engine sales have been growing fast since last year (+2.6x YoY in 2025; +2.4x YoY in 1Q26).
- Our View:** For AIDC engine, we expect the full-year sales in 2026E to surge 1.8x YoY to 4k units. In particular, we expect the breakthrough in the US market to continue to gain traction. For the traditional business, HDT is still on an upcycle, driven by solid replacement demand, supportive replacement subsidies and export.
- Why do we differ vs consensus:** Our earnings forecast in 2026E/27E is -0%/-2% versus consensus. We see this as normal deviation.
- Catalysts:** (1) breakthrough of AIDC sales in overseas; (2) progress on SOFC; (3) better-than-expected HDT sales growth
- Valuation:** Our SOTP-based TP for Weichai-H is HK\$45.1. We assign 35x target EBITDA for the power business, which we believe is justified given Weichai's high growth potential as a challenger (we expect 45% power segment EBITDA CAGR between 2026 and 2028E). For traditional business (i.e. engine for HDT & machinery + HDT + agricultural machinery), we assign 10x target EBITDA (peak cycle valuation) to reflect the continuous up-cycle for the HDT sector.

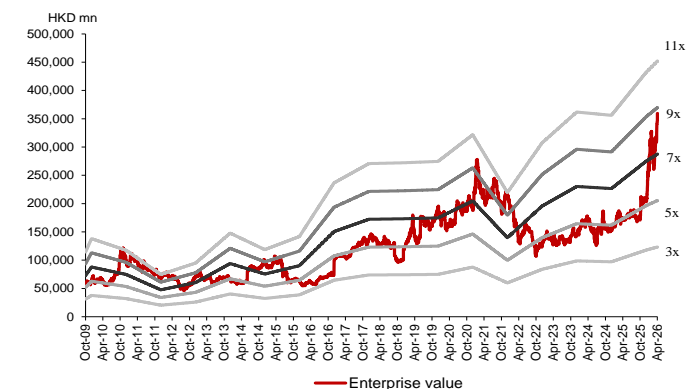
Link to latest report: [Weichai Power \(2338 HK\) - AIDC power driven re-rating to continue; earnings and TP raised](#)

## Financials and Valuations

(YE 31 Dec)	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	231,809	251,331	267,680	283,746
YoY growth (%)	7.5	8.4	6.5	6.0
Core net income (RMB mn)	10,931	14,430	17,072	19,354
Core EPS (RMB)	1.25	1.66	1.96	2.22
YoY growth (%)	(4.1)	32.0	18.3	13.4
Consensus EPS (RMB)	N/A	1.64	1.97	2.24
P/E (x)	27.8	20.5	17.3	15.3
EV/EBITDA (x)	10.5	8.9	7.8	7.3
P/B (x)	3.3	2.9	2.7	2.5
Yield (%)	0.0	2.7	3.2	3.6
ROE (%)	12.2	14.8	16.1	16.8
Net gearing (%)		Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Weichai's EV/EBITDA band



Source: Company data, Bloomberg, CMBIGM estimates

# Jiangsu Hengli (601100 CH) – Strong hydraulic segment; upside potential on humanoid robot components

Rating: BUY | TP: RMB 125 (2% upside)

Analyst: Wayne Fung

- **Investment Thesis:** On the back of strong production capability of hydraulic components, Hengli is expanding into linear actuator business which has huge application in machine tools, semiconductor and humanoid robot segments.
- **Our View:** We have several positive takeaways from our site visit in early Jun: (1) Strong demand for linear guideways driven by machine tools and semiconductor segments; (2) Huge potential for ball screws for humanoid robots due to strong commitment from the major overseas customer; (3) For hydraulic components, capacity for cylinders, pumps and valves are running at full utilisation driven by a wide range of downstream demand such as mining equipment and agricultural machinery.
- **Why do we differ vs consensus:** Our earnings forecast in 2026E/27E is - +2%/0% versus consensus. We see this as normal deviation.
- **Catalysts:** (1) the production growth of humanoid robots by the major overseas manufacturer; (2) Upside on excavator demand
- **Valuation:** Our TP of RMB125 is based on 48x 2026E P/E, 1.5SD above the historical average. Our valuation premium is to reflect both the upcycle of hydraulic business and the huge growth potential of precision business.

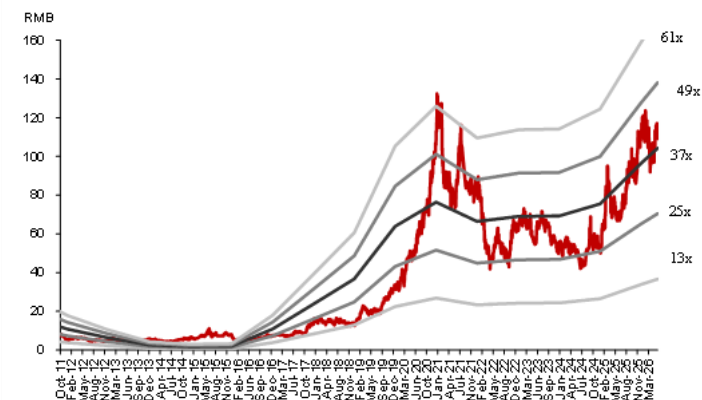
**Link to latest report:** [Jiangsu Hengli \(601100 CH\) - Takeaways from plant visit: More positive than we thought](#)

## Financials and Valuations

(YE 31 Dec)	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	10,941	13,144	15,324	17,675
YoY growth (%)	16.5	20.1	16.6	15.3
Core net income (RMB mn)	2,734	3,491	4,194	4,883
Core EPS (RMB)	2.04	2.60	3.13	3.64
YoY growth (%)	9.0	27.7	20.1	16.3
Consensus EPS (RMB)	N/A	2.56	3.14	3.74
EV/EBITDA (x)	48.0	38.2	33.0	28.7
P/E (x)	59.9	46.9	39.1	33.6
P/B (x)	9.5	8.4	7.3	6.5
Yield (%)	0.7	0.9	1.1	1.3
ROE (%)	16.5	18.9	20.0	20.5
Net gearing (%)		Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Hengli's P/E band



Source: Company data, Bloomberg, CMBIGM estimates

# Chuangxin Industries (2788 HK) – Capacity growth in Saudi Arabia + superb cost advantage on low green energy cost in China

Rating: BUY | TP: HK\$32 (73% upside)

Analyst: Wayne Fung

- Investment Thesis:** Founded in 2012 and listed on the HKEX in Nov 2025, Chuangxin is primarily engaged in electrolytic aluminum smelting (capacity by end-2025: 788kt, 100% stake) and alumina refining (1.2mt, 58.5% stake). To further expand capacity against the backdrop of capacity cap in China, Chuangxin has initiated a 500 kt aluminum project in Saudi Arabia, through forming a JV (33% equity interest for Chuangxin) with different parties. Chuangxin targets to complete the construction in 2Q27E.
- Our View:** We believe Chuangxin offers unique growth story in the aluminium sector. On the cost side, the on-going commencement of wind & solar captive power source will further push the cost down in 2026E-27E, from the already low cost of electricity. On the growth side, Chuangxin's aluminium capacity construction in Saudi Arabia serves as a key growth driver. Sector-wise, we believe the tight supply will lend strong support to the aluminium price.
- Why do we differ vs consensus:** Our earnings forecast in 2026E/27E is -8%/-18% versus consensus. There are only a limited number of analysts covering the stock at the moment.
- Catalysts:** (1) Slower-than-expected progress of new supply addition in Indonesia; (2) Longer-than-expected supply disruption in the Middle East
- Valuation:** We derive the valuation for Chuangxin based on P/E ratio (2026E), due to the cyclical nature of the commodity sector. We assign 13x target multiple, which is based on ~20% premium over our target multiple for China Hongqiao (1378 HK, BUY) as we see higher volume growth and cost reduction potential for Chuangxin.

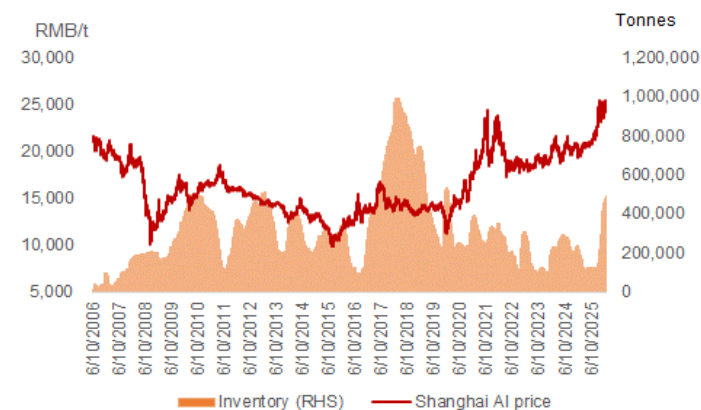
**Link to latest report:** [Aluminium – A prolonged supply deficit even assuming the end of Iran war](#)

## Financials and Valuations

(YE 31 Dec)	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	18,681	19,670	19,956	20,120
YoY growth (%)	23.2	5.3	1.5	0.8
Core net income (US\$ mn)	2,731	4,546	4,845	5,083
Core EPS (US\$)	1.76	2.19	2.34	2.45
YoY growth (%)	28.7	24.2	6.6	4.9
Consensus EPS (US\$)	N/A	2.37	2.84	3.52
EV/EBITDA (x)	7.3	4.8	4.8	4.8
P/E (x)	10.1	7.9	7.4	7.1
P/B (x)	3.8	2.8	2.1	1.7
Yield (%)	4.0	1.3	1.3	1.4
ROE (%)	50.2	40.7	32.5	26.2
Net gearing (%)	55.6	36.4	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Shanghai aluminium price and inventory



Source: Bloomberg, CMBIGM

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

Rating: BUY | TP: HK\$5.55 (33% upside)

Analyst: Miao Zhang

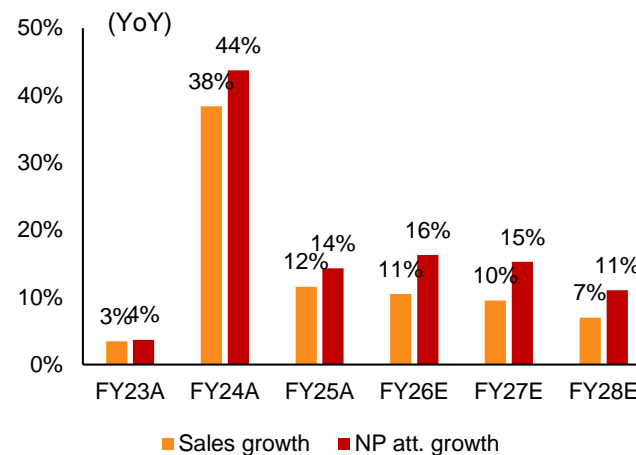
- Investment Thesis:** Bosideng with superior fashion, digital capability and efficiency should gain more market shares in the long run. Bosideng is not only the largest down apparel brand in China, but also a leading manufacturer in the world. It owns the BOSIDENG, SNOWFLYING brands, etc. and has over 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 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 enhance 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:** Our 12-month TP of HK\$5.55 is 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 31 Mar)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	23,214	25,902	28,624	31,351	33,535
YoY growth (%)	38.4	11.6	10.5	9.5	7.0
Operating profit (RMB mn)	4,397.6	4,966.9	5,516.0	6,255.4	6,831.9
Net profit (RMB mn)	3,120.1	3,552.7	4,128.8	4,756.4	5,279.7
EPS (Reported) (RMB)	0.27	0.30	0.35	0.41	0.45
YoY growth (%)	43.9	13.2	16.3	15.3	11.0
P/E (x)	14.1	12.4	10.7	9.3	8.4
P/B (x)	3.0	3.0	2.8	2.6	2.4
Yield (%)	6.1	6.8	7.5	8.6	9.6
ROE (%)	23.7	25.1	27.3	29.1	29.8
Net gearing (%)	46.7	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

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

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

Rating: BUY | TP: HK\$4.80 (129% upside)

Analyst: Miao Zhang

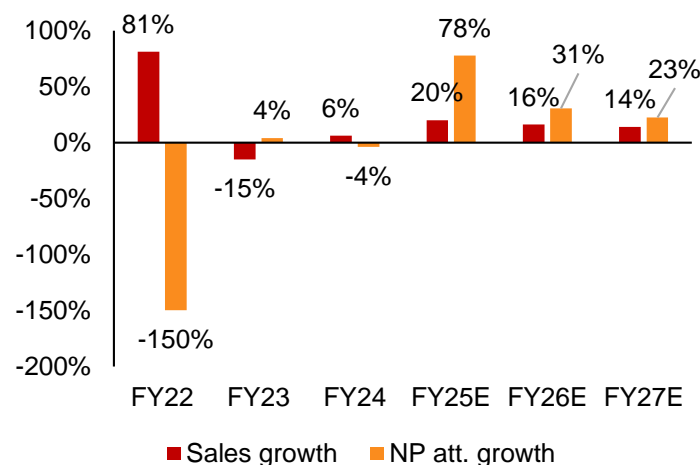
- Investment Thesis:** Guoquan achieved retail sales of RMB11.1bn with 3% market share in 2022. The company offers a diversified product portfolio of eight major categories (hotpots, barbecue, beverages, single-serve meals, ready-to-cook meal kits, fresh food, Western cuisines, and snacks). Such a great variety can cater for diverse dining scenarios. In 2024, the company reported 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 of consumption trade down, 2) relatively low base hence SSSG may still improve further (SSSG was LSD/ MSD/ MSD for Jul/ Aug/ Sep 2025), 3) blockbuster products (e.g. various hotpot combos and sauces for meals at home), 4) store revamp (e.g. there are 3,000 24-hour stores now), and 5) better training for store managers, in order to better serve and retain customers, etc.. 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:** Our 12-month TP of HK\$4.80 is based on a 23x FY26E P/E. We think a premium is justified, due to: 1) its vertically integrated business model, 2) massive store network, 3) strong brand equity (in both products and channels). The stock is trading at ~20x FY26E P/E.

## Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	6,094	6,470	7,764	9,036	10,301
YoY growth (%)	(15.0)	6.2	20.0	16.4	14.0
EBITDA (RMB mn)	339.4	284.3	613.0	831.5	9,183.9
Net profit (RMB mn)	263.4	241.2	423.7	553.5	679.1
EPS (Reported) (RMB cents)	8.94	8.37	14.85	19.40	23.81
YoY growth (%)	0.6	(6.3)	77.4	30.6	22.7
P/E (x)	30.2	32.2	18.2	13.9	11.3
EV/EBITDA (x)	25.4	29.8	13.2	9.6	0.9
Yield (%)	1.9	2.7	4.7	6.1	7.5
ROE (%)	9.0	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

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

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

Rating: BUY | TP: US\$54.68 (80% upside)

Analyst: Miao Zhang

- Investment Thesis:** Luckin Coffee 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 agree that the high base in FY25E (induced by the delivery subsidies) 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 we see: 1) category expansion (more non-coffee products like snacks, breakfast or even 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 have potential to improve in FY26E), 3) marketing expenses ratio decreased in 3Q25, but Luckin Coffee could ramp that up if needed; 4) further boosting the sales and purchasing frequency of customer (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:** Our 12-month TP of US\$54.68 is based on 18x FY26E P/E.
- Catalysts:** Better-than-expected new products, store expansion, store efficiency and government stimulus.

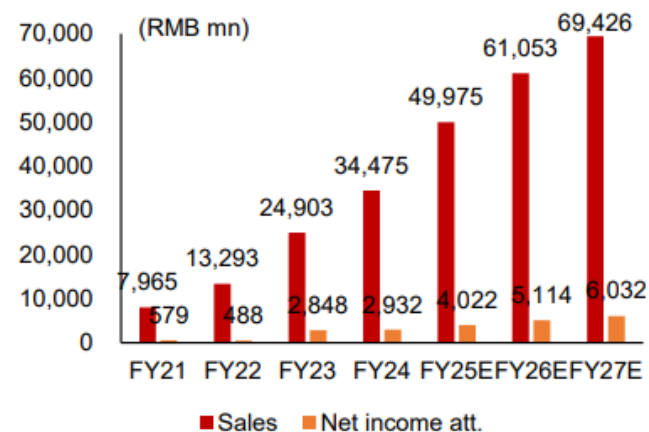
Link to latest report: [Luckin Coffee \(LKNCY US\) – There are still multiple growth drivers in FY26E](#)

## Financials and Valuations

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	24,903	34,475	49,975	61,053	69,426
YoY growth (%)	87.3	38.4	45.0	22.2	13.7
EBITDA (RMB mn)	3,630.2	4,728.1	6,808.6	8,674.4	10,202.1
Net profit (RMB mn)	2,847.9	2,931.7	4,021.7	5,113.8	6,032.3
EPS (Reported) (RMB)	1.12	1.15	1.57	1.99	2.33
YoY growth (%)	479.6	2.3	36.5	26.5	17.4
P/E (x)	25.3	24.7	18.1	14.3	12.2
EV/EBITDA (x)	3.4	2.6	1.8	1.3	1.1
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	34.9	25.8	26.7	26.0	23.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit



Source: Company data, CMBIGM estimates

# CR Beverage (2460 HK) – Leave the worst behind in 2025

Rating: BUY | TP: HK\$11.09 (39% upside)

Analyst: Miao Zhang

- Investment Thesis:** FY25 earnings hit the trough as revenue fell 18.6% YoY to RMB11.0bn and net profit dropped 39.8% YoY to RMB990mn, mainly dragged by lackluster packaged water sales and heavy marketing spending. The company is pushing forward deep headquarters restructuring and R&D overhaul, with admin headcount down 8% and R&D headcount up 63% YoY in FY25 to underpin reform delivery. Positive sales growth emerged in 2M26 amid a lighter comparable base, and the company has locked in low PET prices for 1–2 quarters to ease cost pressure. We expect earnings to bottom out in FY26E, making it a high-quality consumer staple target with clear recovery visibility..
- Our View:** FY26E is expected to deliver 12.7% YoY revenue growth and 19.5% YoY net profit growth, confirming an earnings bottom. The company targets solid packaged water recovery and ~20% beverage growth in FY26E. Peak-season sell-through performance will be the key indicator to verify the recovery trend, while PET price volatility remains a key cost-side variable to watch.
- Where do we differ vs consensus:** More optimistic on reform delivery and FY26E earnings recovery; more prudent on operating margin rebound amid lingering marketing pressure. Net profit forecast is slightly below consensus with a cautious margin view.
- Catalysts:** 1) Better-than-expected sell-through in peak season; 2) stronger-than-expected reform implementation; 3) faster-than-expected PET cost decline; 4) higher-than-expected dividend payout ratio.
- Valuation:** Maintain BUY. TP of HK\$11.09 reflects 20x 2026E P/E.

Link to latest report: [CR Beverage \(2460 HK\) - Expect earnings to bottom out in FY26E](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	13,521	11,002	12,402	13,655	14,856
YoY growth (%)	0.0	(18.6)	12.7	10.1	8.8
Net profit (RMB mn)	1,636.7	985.3	1,177.0	1,426.8	1,637.2
YoY growth (%)	23.1	(39.8)	19.5	21.2	14.7
EPS (Reported) (RMB)	0.79	0.41	0.49	0.59	0.68
Consensus EPS (RMB)	N/A	N/A	0.51	0.59	0.62
P/E (x)	9.4	18.1	15.2	12.5	10.9
P/B (x)	1.3	1.6	1.4	1.4	1.3
Yield (%)	6.5	3.4	4.1	4.9	5.6
ROE (%)	18.0	8.9	10.5	11.8	12.9
Net gearing (%)	(50.3)	(10.8)	(13.5)	(14.8)	(17.0)

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Headcount shifts reflect reform underway

No. of employees	2024	2025	change Δ	change %
Sales and Marketing	8,797	8,859	62	1%
Administration	347	320	-27	-8%
R&D	60	98	38	63%
Production	1,766	2,097	331	19%
<b>Total</b>	<b>10,970</b>	<b>11,374</b>	<b>404</b>	<b>4%</b>

Source: Company data, CMBIGM

# WuXi AppTec (603259 CH) – Small molecule D&M fueling overall growth

Rating: BUY | TP: RMB143.00 (48% upside)

Analysts: Jill Wu/Benchen Huang

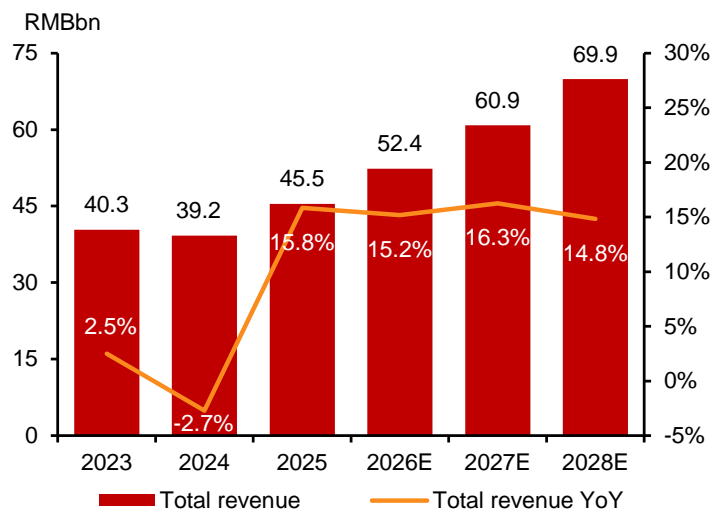
- Investment Thesis:** WuXi AppTec is a world leading pharmaceutical R&D and manufacturing platform which provides services with quality and efficiency for global clients. With capabilities covering major stages of drug R&D, WuXi AppTec has built close partnerships with a wide range of customers in the world, including all global Top20 pharmaceutical companies, positioning the Company as an indispensable part to the global pharmaceutical industry.
- Our View:** The integrated CRDMO model has enabled WuXi AppTec to consistently capture business opportunities of global blockbuster drugs. With a pipeline spanning a broad range of therapeutic areas and a large client base globally, the Company possesses advantages of gaining deep industry insights, allowing it to proactively expand capabilities and capacities in advance. As a result, WuXi AppTec has successfully seized major manufacturing contracts such as oral COVID-19 therapeutics, peptides and small-molecule GLP-1 drugs. In 1Q26, revenue from Small Molecule D&M segment surged by 80.1% YoY, becoming a new growth engine for the Company. As of 1Q26, backlog from continuing operations increased by 23.6% YoY (or 29% YoY excl. FX impacts) to RMB59.8bn, while newly signed orders in 1Q26 grew by over 25% YoY. In light of this strong momentum, WuXi AppTec plans to accelerate construction of new facility in Changzhou, which will include capacity for both small molecules and TIDES. Given its leading capabilities and capacities, we remain confident in WuXi AppTec's long-term competitiveness as the global leader in small-molecule CDMO market. Currently, its P/E valuation is attractive.
- Why do we differ vs consensus:** To factor into the strong momentum of small molecule D&M business, we raise our earnings forecasts for WuXi AppTec. Our revenue forecasts are largely in line with consensus while adj. net profit forecasts are higher than consensus, reflecting our positive view on the Company's strong operational efficiency and economies of scale. We think that WuXi AppTec will continue to mitigate geopolitical risks with its global manufacturing network.
- Valuation:** We derive our target price of RMB143.00 based on DCF valuation (WACC: 9.39%, terminal growth rate: 2.0%).

## Financials and Valuations

(YE 31 Dec)	FY26E	FY27E	FY28E
Revenue (RMB mn)	52,361	60,875	69,896
Revenue YoY growth (%)	15.2	16.3	14.8
Adjusted net income (RMB mn)	18,877	22,276	25,806
Adjusted net income YoY growth (%)	26.2	18.0	15.8
Adjusted EPS (RMB)	6.33	7.47	8.65
EPS YoY growth (%)	20.9	18.0	15.8
Consensus EPS (RMB)	5.94	7.00	8.24
P/E (x)	14.8	12.5	10.8
P/B (x)	3.0	2.5	2.2
ROE (%)	19.5	19.6	19.4
Net gearing (%)	Net cash	Net cash	Net cash

Source: Bloomberg, CMBIGM estimates

## Fig: Revenue trend



Source: Company data, CMBIGM estimates

Link to latest report: [WuXi AppTec \(603259 CH\) - small molecule D&M fuelling overall growth](#)

# 3Sbio (1530 HK) – ASCO 2026 takeaways: encouraging first mPFS readout for 707 in 1L PD-L1+ NSCLC

Rating: BUY | TP: HK\$34.87 (117% upside)

Analysts: Jill Wu/ Cathy Wang

- Investment Thesis.** ASCO 2026 revealed encouraging Phase 2 data for 707 (PF4404), validating its competitiveness within the PD-(L)1/VEGF class. In 1L PD-L1+ NSCLC, 707 monotherapy delivered a 12.4-month median PFS, comparing favorably to ivonescimab on a cross-trial basis, with pronounced strength in the PD-L1 high (15.8 months) and non-squamous (12.4 months) subgroups. Additionally, 707 plus chemotherapy demonstrated highly promising preliminary efficacy in 1L pMMR endometrial cancer (EC), with cORRs exceeding 81%, outperforming the pembrolizumab plus chemotherapy standard of care (72.3%). With a manageable safety profile across both indications, we view these readouts as highly de-risking. Pfizer has registered eleven global studies for 707, including three global Ph3 studies across four 1L indications. We expect additional China Ph2 readouts of 707+chemo in 1L NSCLC and mCRC in 2H26 to serve as near-term catalysts for 3SBio.
- Our View:** (1) To date, Pfizer has initiated eleven global trials for 707 and started enrollment in nine. The first ph3 study of 707+ADC for 1L mUC is expected to be initiated in 2026E, according to Pfizer. We expect the rapid clinical progress will trigger near-term milestone payments, significantly driving 3SBio's earnings. Beyond milestones, 3SBio is also benefiting from supplying drug substance for Pfizer's clinical studies, which drove CDMO revenue growth of 46.3% YoY in 2025. (2) 3SBio has built a broad pipeline of 27 candidates, with several candidates already obtaining the US FDA INDs, such as SSS67 and SSS68. We think these candidates with FDA INDs demonstrated 3SBio's global R&D strategy and may support 3SBio's future out-licensing deals. (3) Recent approvals, including NuPIAO (long-acting rhEPO), 608 (IL-17A), and SSS20 (eltrombopag), alongside NRDL inclusion for oral paclitaxel, are expected to generate revenue in 2026E and help partially offset traditional product declines, in our view.
- Why do we differ vs consensus:** We think the near-term product sales may be under pressure, largely due to cost-control measures affecting TPIAO, particularly ahead of TPIAO's final NRDL renewal negotiations in late 2026E. However, given Pfizer's rapid global development progress, we think 707's global blockbuster potential remains the dominant upside driver.
- Valuation:** Our target price of HK\$34.87 (WACC: 10.11%, terminal growth rate: 2.0%) is based on a 10-year DCF.

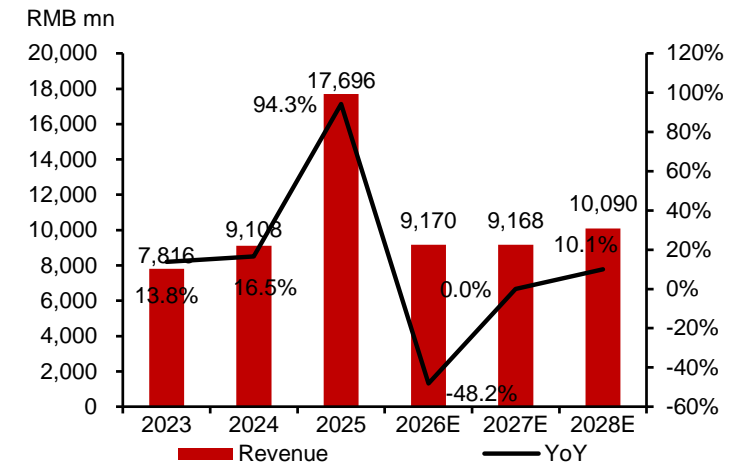
[Link to latest report: 3SBio \(1530 HK\) - ASCO 2026 takeaways: encouraging first mPFS readout for 707 in 1L PD-L1+ NSCLC](#)

## Financials and Valuations

(YE 31 Dec)	FY26E	FY27E	FY28E
Revenue (RMB mn)	9,170	9,168	10,090
YoY growth (%)	(48.2)	(0.0)	10.1
Net profit (RMB mn)	1,898	1,616	1,815
YoY growth (%)	(77.6)	(14.8)	12.3
EPS (RMB)	0.75	0.64	0.72
P/E (x)	26.7	31.4	27.9

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

# Ping An (2318 HK/601318 CH) – Positive outlook on Life OPAT acceleration

Rating: BUY | TP: HK\$86.0/RMB75 (52%/42% upside)

Analyst: Nika MA

- Investment thesis:** Ping An is in the final phase of de-risking its property exposure, and with consecutive provisions being made to the AM segment, we expect the AM drag to ease further, which could drive the Group's valuation re-rating over time. As of FY25, the operating loss from AM segment narrowed significantly to RMB3.8bn from RMB11.9bn in the year ahead. We believe continued improvements in its core business performance should support a share price rebound, alongside the mgmt. focus on shareholder returns and an enhanced balance sheet. We like Ping An for its resilient growth recovery driven by 1) Life OPAT growth acceleration in 2026E, as CSM release approaches an inflection point; 2) continued progress on AM de-risking; and 3) advanced deployment in technology and the buildout of a healthcare and elderly care ecosystem. We see Ping An's edge as a pioneer in life insurance reform and expect the intra-Group synergies to further deepen operational efficiency.
- Our view:** Maintain BUY, with our TP at HK\$86/RMB75 ([link](#)). We keep our FY26E-28E EPS forecasts at RMB8.20/8.72/9.44, and remain constructive on the outlook for Life OPAT acceleration in 2026E, as CSM release approaches an inflection. Our TP implies 0.83x FY26E P/EV and 1.2x FY26E P/B vs. now trading at 0.6x FY26E P/EV and 0.8x FY26E P/B.
- Catalysts:** 1) Life CSM balance growth to turn positive in 2026E; 2) outperformed OPAT growth in AM segment, led by continued de-risking progress; 3) accelerating OPAT payout; 4) a significant rally in equity market; and 5) PAB profit enhancement.
- Valuation:** Our SOTP-based TP of HK\$86 for Ping An-H (2318 HK) and RMB75 for Ping An-A (601318 HK) are based on assumptions of a 12.5% cost of capital and a 2.5% terminal growth rate, including 1) 1.3x Life EV, reflecting ~13% average ROEV in FY26-28E; 2) 0.9x book value (BV) for Ping An P&C; 3) 0.6x BV for PAB; 4) 1.0x BV for AM and other segments; 5) HK\$0.8/share for finance enablement businesses; and 6) a 15% Group conglomerate discount.
- Key risks:** 1) tightening regulatory oversight; 2) a prolonged low-rate environment; 3) heightened equity market volatilities; 4) lower-than-expected new business sales; 5) intensified pricing competition in the P&C industry; and 6) asset deterioration, etc.

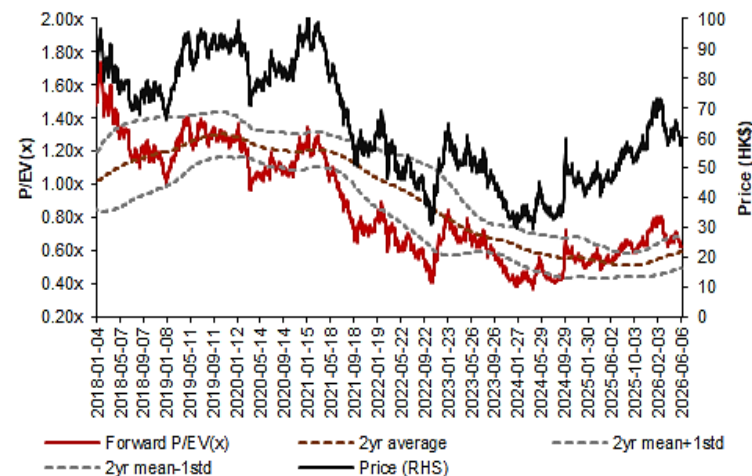
**Link to latest report:** [Ping An \(2318 HK/601318 CH\) - 1Q OPAT a slight beat; positive outlook for full-year NBV and life OPAT acceleration](#)

## Financials and Valuations

(YE 31 Dec)	FY25A	FY26E	FY27E	FY28E
Net profit (RMB mn)	134,778	144,001	153,056	165,744
EPS (RMB)	7.68	8.20	8.72	9.44
Consensus EPS (RMB)	N/A	8.12	8.86	9.44
P/EV (x)	0.6	0.6	0.5	0.5
P/B (x)	0.9	0.8	0.7	0.7
Dividend yield (%)	5.4	5.8	6.2	6.6
ROE (%)	14.0	13.4	12.0	13.0

Source: Company data, Bloomberg, CMBIGM estimates

## Ping An (2318 HK): P/EV(x) close to its historical 2yr average



Source: Bloomberg, CMBIGM estimates

# China Life (2628 HK) – Expect 2Q equity rebound to drive earnings upside

Rating: BUY | TP: HK\$34.0 (21% upside)

Analyst: Nika MA

- Investment Thesis:** China Life saw robust new business value growth, up 75.5% YoY in 1Q26, reflecting continued progress in shifting product mix towards longer-duration and regular-paid policies, and reduced in-force book costs alongside the transition to par (1Q26: >90% FYRP). We like China Life for its 1) leading market position with most extensive offline distribution networks in China; 2) better-than-most-peers asset-liability duration match; 3) a prudent underwriting mix (~1/3 from traditional/participating/protection-typed); and 4) reduced in-force book value costs to less than 2.9% as of 1Q26. We expect the equity market rebound in 2Q26E to drive earnings upside and propel for a re-rating, given a better investment outlook.
- Our view:** Maintain BUY, with our TP at HK\$34 ([link](#)), implying 0.53x FY26E P/EV. We maintain our FY26-28E EPS estimates at RMB4.75/5.14/5.52, and remain positive on the prospect of an equity market rebound in 2Q26E to drive earnings upside alongside continued improvement in lower in-force book cost and a shifting product mix towards longer-duration and regular-paid policies.
- Catalysts:** 1) a strong equity market rally in 2Q26E; 2) a notable interest rate hike; 3) significantly reduced in-force book costs to below the current level of <2.9%; 4) better-than-expected earnings or NBV and 5) outperformed margin expansion, etc.
- Valuation:** The stock is trading at 0.4x FY26E P/EV and 1.0x FY26E P/B, with an average 3yr forward ROE at above 19% and a yield of 3.7%. We look positive on the insurer's share price rebound in relation to the market recovery in FY26E. Maintain BUY, with our TP implying FY26E 0.53x P/EV and 1.3x P/B.
- Key risks:** 1) sharp equity market corrections; 2) a prolonged low-interest rate environment; 3) weaker-than-expected new business sales; 4) stringent regulatory oversight; 5) margin deterioration; and 6) a sharp decline in life sales agents, etc.

## Links to latest reports:

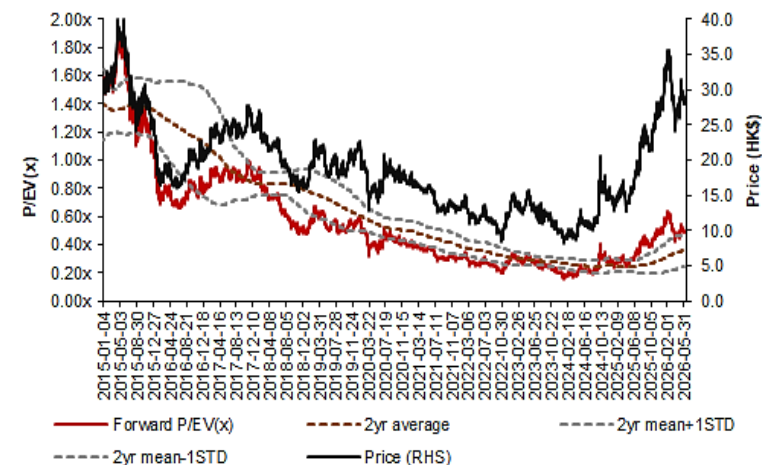
- [1.China Life \(2628 HK\) - NBV surge a strong beat, outweighing 1Q net profit dip](#)
- [2. China Life \(2628 HK\) - 4Q net loss dragged by fair value contraction; DPS rose 31.7% ahead of expectations](#)

## Financials and Valuations

(YE 31 Dec)	FY25A	FY26E	FY27E	FY28E
Net profit (RMB bn)	154.1	134.3	145.4	156.1
EPS (RMB)	5.45	4.75	5.14	5.52
Consensus EPS (RMB)	N/A	4.46	4.96	5.43
P/EV (x)	0.5	0.4	0.4	0.4
P/B (x)	1.1	1.0	0.8	0.7
Dividend yield (%)	3.5	3.7	3.9	4.1
ROE (%)	27.9	20.7	19.0	17.5

Source: Company data, Bloomberg, CMBIGM estimates

## China Life (2628 HK): share price and P/EV(x) valuation band



Source: Bloomberg, CMBIGM estimates

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

Rating: BUY | TP: HK\$112.0 (52% upside)

Analyst: Nika MA

- Investment Thesis:** 1) We expect strong demands to sustain across APAC markets in 2026E in support for robust VONB growth amid a broad-based margin expansion. VONB rose 15% YoY (CER)/17%(AER) in FY25 with margin up 3.6pct YoY to 58.5%. We forecast Group VONB to maintain a mid-teen rise in FY26E; 2) Group OPAT grew on track to meet the 9%-11% OPAT per share CAGR target in FY23-26E; 3) UFGS remained strong as a valuable addition to Group free surplus balance, and contribute to shareholder returns. In FY25, UFGS ended at US\$6.8bn, up 6%/11% per share YoY, contributing to net FSG, the key metric for shareholder returns, up by 9% or 14% per share YoY to US\$4.4bn; 4) US\$4.3bn shareholder returns in 2026E, incl. US\$2.6bn dividends and US\$1.7bn buyback program, translating to ~4.0% TSR.
- Our view:** Maintain BUY with TP of HK\$112, implying 1.7x FY26E P/EV ([link](#)). We lift our FY26-28E operating EPS forecasts to US\$0.77/0.85/0.95 respectively, mainly reflecting resilient VONB growth in 2026E and a better investment outlook.
- Catalysts:** 1) AIA's VONB growth climbed more than 20% YoY in 1Q26 (excl. AIA Thailand) showcasing continued strong UW momentum across operating markets; 2) regulatory approval on the geographic expansion in mainland China; 3) updates on AIA Thailand's new Growth Strategy; 4) AIA HK's new business sales increase under the backdrop of new tax regime (CRS) and cross-border demands for wealth re-allocation; 5) MCV arrival and conversion rate; 6) AIA India's VONB contribution and efforts on product mix enhancement, etc.
- Valuation:** The stock is trading at 1.3x FY26E P/EV or 2.4x FY26E P/B, with a yield of 2.6%. We expect the total shareholder return (TSR) to be ~4.0% in FY26E (2.6% dividend + 1.4% buyback). So far, we believe the market has been more convinced by the growth narrative of the insurer, rather than viewing it as a high-yield conviction. AIA's China Growth Strategy (40% CAGR of VONB for nine new regions in FY25-30E) and the newly announced Thailand Growth Strategy in FY25 earnings call could drive a second growth narrative to boost for long-term re-rating.
- Key risks:** 1) intensified stock market fluctuation and unexpected shock in interest rates and FX movements; 2) prolonged low interest yield environment in mainland China; 3) sluggish sales momentum or margin contraction; 4) significant drawdown in shareholder capital ratio and negative shock in free surplus balance, etc.

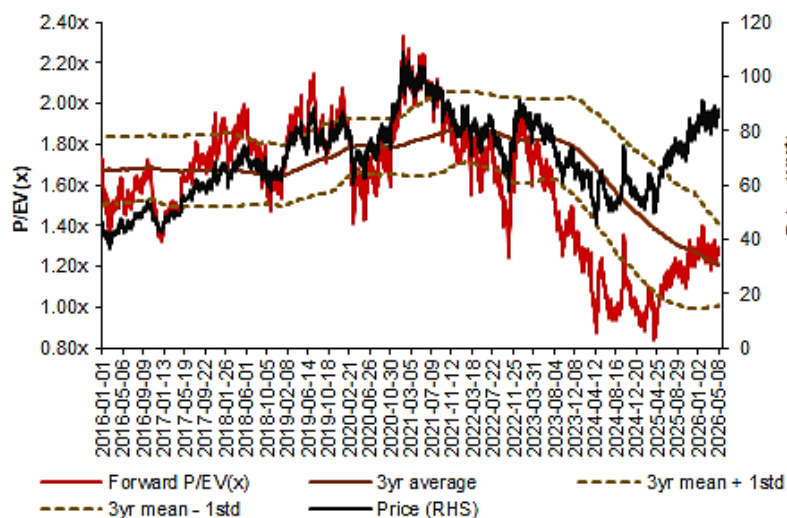
**Link to latest report:** [AIA Group Ltd. \(1299 HK\) - US\\$1.7bn buyback a +VE surprise; lift TP to HK\\$112](#)

## Financials and Valuations

(YE 31 Dec)	FY25A	FY26E	FY27E	FY28E
Operating profit (US\$ mn)	7,136	7,972	8,718	9,549
Operating EPS (US\$)	0.68	0.77	0.85	0.95
Consensus EPS (US\$)	N/A	0.76	0.85	0.94
P/EV (x)	1.4	1.3	1.1	1.0
P/B (x)	2.5	2.4	2.2	2.0
Dividend yield (%)	2.4	2.6	2.9	3.1
Operating ROE (%)	17.0	17.9	18.3	18.7

Source: Company data, Bloomberg, CMBIGM estimates

## AIA (1299 HK): Share price and P/EV(x) valuation band



Source: Bloomberg, CMBIGM estimates

# Tencent (700 HK) – Resilient 1Q26 earnings growth despite AI investment; solid AI progress

Rating: BUY | TP: HK\$750.0 (64% upside) Analysts: Saiyi He/Wentao Lu/Frank Tao/Shuyin Guo

- Investment Thesis:** Tencent's competitive edges remain solid, and investors over-reacted to the short-term earnings impact of increased AI investment, in our view. We expect Tencent to deliver sustainable earnings growth (+7%/+9% YoY in FY26/27E) despite the step-up of AI investment. We expect several catalysts to support Tencent's fundamental and valuation recovery: 1) agentic applications like WorkBuddy enable Tencent to leverage Weixin+AI to tap into the enormous AI agent market; 2) performance of evergreen titles remains solid, and new titles like Honor of Kings: World and Roco Kingdom: World contribute incremental revenue; 3) AI empowerment and improved monetization drive faster-than-sector marketing revenue growth. Tencent currently trades at 13x FY26E non-GAAP PE, offering attractive risk-reward in our view.
- Our View:** Tencent's 1Q26 total revenue grew by 9% YoY to RMB196.5bn, and non-IFRS operating income increased by 9% YoY to RMB75.6bn. Non-IFRS operating profit excluding new AI product investment grew by 17% YoY to RMB84.4bn, which in our view demonstrates Tencent's strong operating leverage and capability to maintain steady earnings growth despite the step-up of AI investment. The quarterly earnings impact from AI investment (c.RMB9bn) is also in line with management's previous guidance (>RMB36bn investment in FY26E). We remain upbeat on Tencent's earnings resilience and accumulated AI competitiveness.
- Catalysts:** 1) Weixin AI: Tencent is building the next-gen agentic services in Weixin, which will boost ecosystem activities and may generate revenue itself; 2) productivity AI: the company is introducing a range of autonomous AI agents like WorkBuddy and Qclaw to its social platforms, creating new monetization opportunities
- Valuation:** Our SOTP-derived target price is HK\$750.0, consisting of HK\$349.5/31.3/150.1/105.7/33.4 for games/SNS/marketing/FBS/cloud and HK\$8.7/71.1 for net cash/strategic investment.

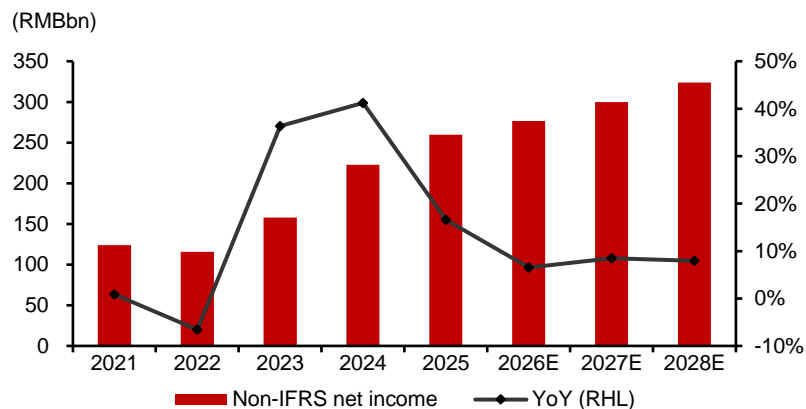
**Link to latest report:** [Tencent \(700 HK\) - Resilient 1Q26 earnings growth despite AI investment; solid AI progress](#)

## Financials and Valuations

(YE 31 Dec)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (RMB mn)	660,257	751,766	823,806	886,435	929,970
Gross margin (%)	52.9	56.2	57.2	57.8	58.1
Adj net profit (RMB mn)	222,703	259,626	276,545	300,030	323,845
EPS (Adjusted) (RMB)	23.96	28.55	30.37	33.46	36.66
Consensus EPS (RMB)	23.96	28.55	30.37	34.10	37.90
Non-GAAP P/E (x)	16.1	13.5	12.7	11.5	10.5

Source: Company data, Bloomberg, CMBIGM estimates

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



Source: Company data, CMBIGM estimates

# Alibaba (BABA US) – Strong cloud business development prospects

Rating: BUY | TP: US\$220.1 (91% upside) Analysts: Saiyi He/Frank Tao/Wentao Lu/Shuyin Guo

- Investment Thesis:** 1) strong growth prospects for cloud computing revenue, driven by rising adoption of AI-related products and growing digitalization demand; 2) on track loss reduction of quick commerce could support earnings recovery and create more room for Alibaba to invest in AI business deployment. 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".
- Key updates for 4QFY26 (1Q26):** management highlighted that: 1) AI-related revenue accounted for 30% of external cloud revenue, with its annual run rate reaching RMB35.8bn, and management expects AI revenue to exceed 50% of external revenue in about one year; and 2) AI model and application services (mainly MaaS API revenue and AI native app subscription) ARR recently surpassed RMB8bn, with management expecting the figure to reach RMB10bn by June 2026 and RMB30bn by end-2026. Mgmt. expects a notable sequential improvement in the cloud business margin profile in 1HFY27 driven by the increase in revenue contribution from MaaS, price hike, as well as greater scale benefit, and reiterated its medium- to long-term target of a 20% adjusted EBITA margin for CIG.
- Our View:** Alibaba remains one of the key beneficiaries of the AI investment theme. Supported by strong demand, we are positive on further acceleration in cloud revenue growth especially for MaaS related services, as well as margin expansion, which we believe should support a valuation rerating of Alibaba.
- Catalysts:** better-than-expected cloud revenue growth and margin expansion.
- Valuation:** SOTP-based valuation of US\$220.1, which translates into 23x FY28E PE.

Link to latest report: [Alibaba \(BABA US\) – Strong cloud business development prospects](#)

## Financials and Valuations

(YE 31 Mar)	FY26A	FY27E	FY28E	FY29E
Revenue (RMB mn)	1,023,670	1,116,087	1,238,050	1,376,082
Adjusted net profit (RMB mn)	64,438.0	98,224.1	152,189.4	198,743.2
EPS (Adjusted) (RMB)	27.76	42.75	66.90	88.25
P/E (x)	21.7	29.3	17.2	12.7

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Alibaba: SOTP valuation

#	Segment (USDmn)	Valuation method	Rev (USDmn)	Adj. EBITA post tax (USDmn)	P/E (x)	EV/S (x)	Val. Rmb mn	Val. US\$m	\$/share	Value split
1	Alibaba China E-commerce Group	12x FY28E EV/EBITA; assume 20% tax rate on adjusted EBITA; discount back with 11% WACC	20,498		12.0		1,506,871	221,599	93.1	42%
2	International Digital Commerce Group	1.5x FY27E EV/S	22,417			1.5	228,654	33,626	14.1	6%
3	Cloud Intelligence Group	6.0x FY27E EV/S on revenue before intersegment elimination	33,952			6.0	1,385,236	203,711	85.6	39%
4	All others	1.0x FY27E EV/S	38,529			1.0	261,998	38,529	16.2	7%
<b>Total Alibaba business</b>							<b>3,382,760</b>	<b>497,465</b>	<b>209.0</b>	
<b>INVESTMENTS</b>										
1	Ant Group	Last round share buyback valuation; 33% share holding					187,143	27,521	11.6	
2	Others	Market valuation					70,876	10,423	4.4	
<b>Total investment (with 30% holding discount)</b>									<b>11.2</b>	<b>5%</b>
<b>Total</b>									<b>220.1</b>	
#s of diluted ADS (mn)									2,380	

Source: Company data, CMBIGM estimates

# Meituan (3690 HK) – 1Q results beat; expecting food delivery business to return to breakeven in 2Q26

Rating: BUY | TP: HK\$138.0 (75% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu/Shuyin Guo

- Investment Thesis:** Earnings of Meituan's Core Local Commerce (CLC) business are bottoming out, in our view, as: 1) regulatory guidance in the food delivery industry is steering the sector toward healthier development; and 2) players in the in-store segment are increasingly focusing on their core competencies and categories to drive more efficient expansion. Meituan has demonstrated strong consumer mindshare in high-value food delivery (FD) orders, and improved operating efficiency should help sustain its unit economics (UE) advantage over peers in the long term.
- Our View:** We believe the most intense phase of competition in the local services sector may have passed. CLC operating loss narrowed 80% QoQ in 1Q26, and we expect the segment to swing to an operating profit of RMB3.0bn in 2Q26, aided by more disciplined user subsidies in FD as industry competition turns more rational. Excluding the impact from investment in enhanced membership benefits, we expect FD operating profit to return to breakeven during the peak season in 2Q26E.
- Catalysts:** 1) better-than-expected UE recovery in the FD business, driven by greater-than-expected improvement in industry competition; 2) better-than-expected recovery in the OPM of the in-store business, driven by more benign-than-expected industry competition.
- Valuation:** Our DCF-based valuation of HK\$138.0 translates into 16.9x 2028E adjusted PE.

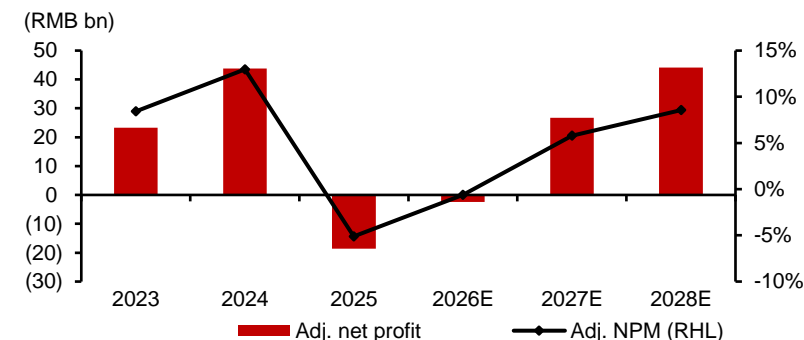
**Link to latest report:** [Meituan \(3690 HK\) – 1Q results beat; expecting food delivery business to return to breakeven in 2Q26](#)

## Financials & Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	337,592	364,855	404,186	461,742	516,350
YoY growth (%)	22.0	8.1	10.8	14.2	11.8
Net profit (RMB mn)	35,807.2	(23,355.1)	(9,254.5)	20,314.3	37,532.2
Adjusted net profit (RMB mn)	43,772.4	(18,648.0)	(2,477.0)	26,723.9	44,159.2
YoY growth (%)	88.2	N/A	N/A	N/A	65.2
P/E (x)	11.6	N/A	N/A	20.2	10.9

Source: Company data, Bloomberg, CMBIGM estimates

**Fig: Meituan: adjusted net profit**



Source: Company data, CMBIGM estimates

# Trip.com (TCOM US) – Results beat; travel demand remains resilient

Rating: BUY | TP: US\$83.0 (73% upside)

Analysts: Saiyi He/Frank Tao/Wentao Lu/Shuyin Guo

- 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, as well as its high-end customer base, 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 1Q26E financial results 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) shoe-drop on the anti-monopoly investigation, although this likely takes 3-6 month's time.
- Valuation:** Our DCF-based valuation of US\$83.0 translates into 20x 2026E PE (non-GAAP).

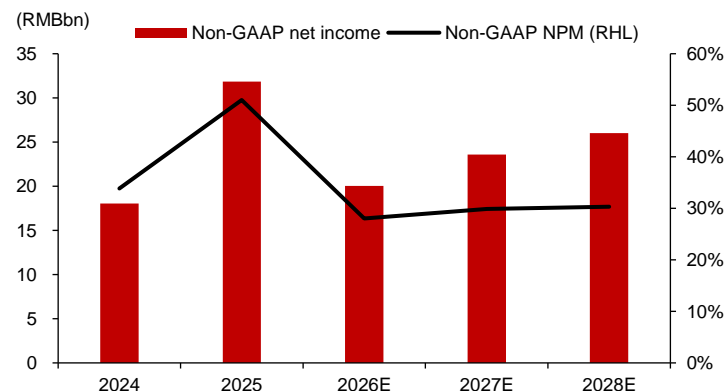
**Link to latest report:** [Trip.com Group \(TCOM US\) – Results beat; travel demand remains resilient](#)

## Financials & Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	53,377	62,510	71,577	79,110	85,898
YoY growth (%)	19.8	17.1	14.5	10.5	8.6
Net profit (RMB mn)	17,067.0	33,294.0	17,452.2	20,928.9	23,304.7
Adjusted net profit (RMB mn)	18,041.0	31,839.0	20,029.0	23,579.1	26,010.5
YoY growth (%)	38.0	76.5	(37.1)	17.7	10.3
EPS (Adjusted) (RMB)	25.84	46.23	29.08	34.24	37.77
P/E (x)	13.7	7.0	13.4	11.2	10.0

Source: Company data, Bloomberg, CMBIGM estimates

**Fig: TCOM: non-GAAP net profit**



Source: Company data, CMBIGM estimates

# CR MixC Lifestyle (1209 HK) – Commercial biz to unfold a new chapter

Rating: BUY | TP: HK\$53.58 (23% upside)

Analyst: Miao Zhang

- Investment Thesis:** Its commercial business stands as the core growth engine, closely riding the service consumption upgrade trend and driven by high-margin shopping mall operations supported by luxury, trendy toys, gold jewelries and outdoor gears. The residential business keeps advancing quality improvement with stable basic property management despite short-term VAS pressure. It features lower dependence on traditional residential business, outstanding shopping mall operation capabilities, sustained 100% dividend payout ratio, strong sector leadership and scarcity premium, as well as dual investment appeal for both property and consumer investors, making it our top pick in the property management sector.
- Our View:** We expect the company to achieve double-digit growth in both revenue and core net profit in 2026E. We forecast 10-12% commercial revenue growth (2026-28E) and 5-6% residential growth amid fierce third-party competition. The 15th FYP target of 100 new third-party malls is not aggressive and aligns with industry trends in our view, given declining new commercial land supply, few high-quality projects and intense homogenized competition will lift the penetration of asset-light operation and improve profitability of existing malls. However, the conservative SSSG outlook reflects the company's view that consumption will normalize with moderating growth through the 15th FYP period.
- Where do we differ vs consensus:** More optimistic on commercial segment growth; cautious on residential third-party expansion. Net profit forecast is slightly below consensus, with a more prudent view on margin trends.
- Catalysts:** 1) Better-than-expected monthly retail sales growth; 2) faster-than-expected third-party mall expansion; 3) stronger-than-expected recovery of VAS biz.
- Valuation:** Maintain BUY. Our TP of HK\$53.58 reflects 25x 2026E P/E.

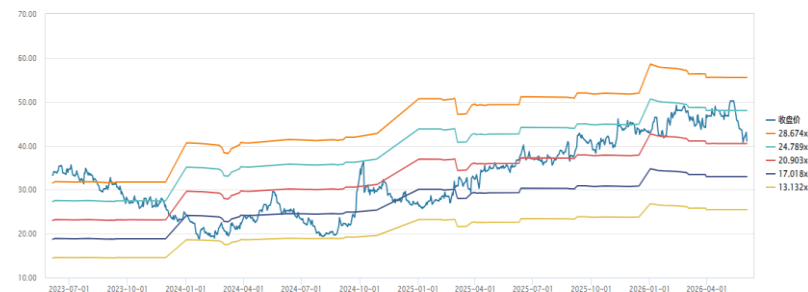
**Link to latest report:** [CR MixC Lifestyle \(1209 HK\) - Commercial biz to ride the trend, residential biz to upgrade quality](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	17,043	18,022	19,661	21,308	22,937
YoY growth (%)	15.4	5.7	9.1	8.4	7.6
Net profit (RMB mn)	3,629.4	3,969.0	4,451.8	4,844.9	5,281.1
YoY growth (%)	1.59	1.74	1.95	2.12	2.31
EPS (Reported) (RMB)	23.9	9.4	12.2	8.8	9.0
Consensus EPS (RMB)	N/A	N/A	1.98	2.21	2.42
P/E (x)	27.4	25.1	22.4	20.5	18.8
P/B (x)	6.0	6.4	6.2	6.0	5.8
Yield (%)	1.5	1.2	4.5	4.8	5.3
ROE (%)	22.4	24.8	28.3	29.7	31.5

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band (closing price)



Source: Company data, CMBIGM estimates

# Greentown Service (2869 HK) – Bearing fruit from efficiency gains

Rating: BUY | TP: HK\$6.55 (41% upside)

Analyst: Miao Zhang

- **Investment Thesis:** Efficiency improvement delivers substantial results: FY25 core OP surged 24.6% YoY, beating 15% guidance by a wide margin, with cost savings of RMB263mn contributing 70% of core OP growth. Basic PM stays resilient with steady third-party expansion; the company maintains high dividend payout ratio. Despite near-term pressure from elevated new home vacancy rate on fee collection, it remains a high-quality PM target in our view.
- **Our View:** FY25 core OP jumped 24.6% YoY, far exceeding the 15% management guidance. Management guided for >15% core OP growth in FY26E, plus 0.5ppt gross margin expansion and 0.5ppt SG&A ratio cut. Efficiency gains are sustainable as they come from operational optimization rather than simple layoffs. Elevated new home vacancy will put fee collection under pressure in the next 1–2 years.
- **Where do we differ vs consensus:** More optimistic on the sustainability of efficiency improvement; more prudent on medium-term fee collection pressure amid high new home vacancy. Net profit forecast is slightly below consensus, with a more cautious target P/E multiple.
- **Catalysts:** 1) Better-than-expected collection rate recovery; 2) faster-than-expected margin improvement; 3) stronger-than-expected profitability of VAS biz; 4) higher-than-expected dividend payout ratio.
- **Valuation:** BUY with TP at HK\$6.55, based on 18x 2026E P/E.

Link to latest report: [Greentown Service \(2869 HK\) - Continue to bear fruit from efficiency gains](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	17,893	19,164	20,733	22,309	23,830
YoY growth (%)	6.4	7.1	8.2	7.6	6.8
Net profit (RMB mn)	785.1	880.2	1,030.2	1,187.3	1,307.7
YoY growth (%)	0.25	0.28	0.33	0.38	0.42
EPS (Reported) (RMB)	31.6	12.7	17.0	15.3	10.1
Consensus EPS (RMB)	N/A	0.29	0.34	0.38	0.38
P/E (x)	16.7	14.8	12.7	11.0	10.0
P/B (x)	1.9	1.8	1.7	1.6	1.6
Yield (%)	4.5	5.1	5.9	6.8	7.5
ROE (%)	10.3	11.2	12.6	13.8	14.6

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Managed GFA termination rate

Managed GFA movement (mn sqm)	2022A	2023A	2024A	2025A	1H24	2H24	1H25	2H25
At the beginning of the period	304.1	381.4	448.4	509.0	448.4	481.7	509.0	536.3
Addition	83.3	83.4	79.2	79.1	40.3	38.9	39.3	39.8
Termination	(8.0)	(16.4)	(18.6)	(22.1)	(7.0)	(11.8)	(12.0)	(10.1)
At the end of the period	381.4	448.4	509.0	566.0	481.7	509.0	536.3	566.0
Termination rate (=Termination GFA / Beginning GFA)	-2.0%	-4.3%	-4.1%	-4.3%	-1.6%	-2.4%	-2.4%	-1.9%

Source: Company data, CMBIGM

# AAC Tech (2018 HK) – FY25 in-line; auto/thermal/edge AI and margin recovery to drive earnings growth in 2026-27E

Rating: BUY | TP: HK\$55.27 (31% upside)

Analyst: Hanqing Li

- **Investment Thesis:** AAC Tech 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 FY26-27E.
- **Our View:** We are positive on AAC's business outlook in 2026/27, and mgmt. provided a solid set of guidance across business lines for 2026E: 1) company: revenue +16-17% YoY and stable GPM; 2) Acoustics: revenue +5-10% YoY, better GPM, 3) optics: plastic lens flat shipment with 5-10% ASP hike and module GPM 4-5%, 4) PM: revenue +30% YoY, better GPM, 5) Auto PSS: revenue +15-20% YoY, better GPM, 6) MEMS: revenue +15-20% YoY, better GPM. Overall, we believe AAC is well-positioned to capture emerging AI opportunities with edge AI, AR/VR glasses, AI server and robotics entering a long-term innovation cycle.
- **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 AI glasses, acoustics/haptics/optics spec upgrade, auto client wins and GPM expansion.
- **Valuation:** Our SOTP-based TP of HK\$55.27 implies 20.0x FY26E P/E.

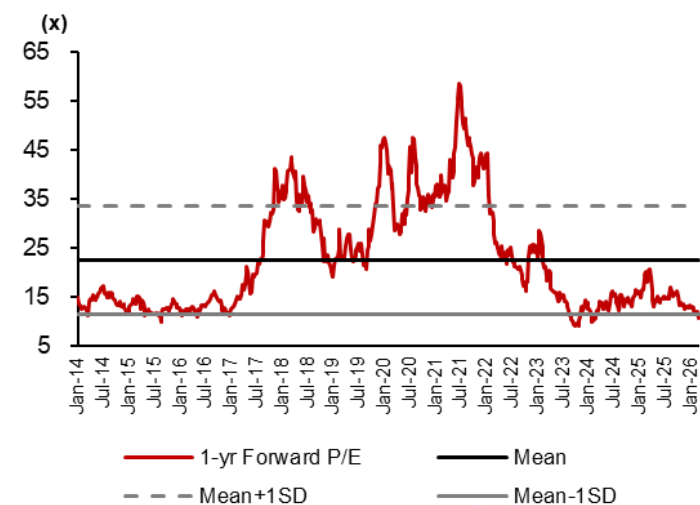
**Link to latest report:** [AAC Tech \(2018 HK\) - FY25 in-line; auto/thermal/edge AI and margin recovery to drive earnings growth in 2026-27E](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	27,328	31,817	36,693	41,378
YoY growth (%)	33.8	16.4	15.3	12.8
Net profit(RMB mn)	1,797	2,512	2,900	3,389
EPS (RMB)	1.53	2.18	2.51	2.94
YoY growth (%)	143.8	42.0	15.4	16.9
Consensus EPS (RMB)	N/A	2.09	2.48	2.89
P/E (x)	21.6	15.2	13.2	11.3
P/B (x)	2.0	1.9	1.7	1.5
Yield (%)	0.6	0.0	1.2	1.4
ROE (%)	7.8	10.1	10.7	11.4
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

# FIT Hon Teng (6088 HK) – Strong 2026 outlook with AI interconnect/ power/thermal upgrades as key growth drivers

Rating: BUY | TP: HK\$7.42 (3% upside)

Analyst: Hanqing Li

- Investment Thesis:** FIT Hon Teng is a global leader in precision interconnect solutions specialized in connectors, cables, optics, wireless components, covering consumer electronics/smartphones, computer, Evs, cloud/data centers and wearables. FIT has undergone a multi-year strategic pivot under “3+3 Strategy”, focusing on three industries “EV mobility, 5G AIoT and audio” and three core technologies “components, modules and system products”.
- Our View:** Looking into 2026, we believe FIT is well-positioned to benefit from architecture upgrade in GB300/VR200 servers and strong product pipeline in interconnect (MCIO, cable cartridge, midplane connector), power (busbar, power whip), liquid cooling (UQD, LC busbar) and CPOs (LGA-to-LGA socket, PLS I/O cage). Mgmt. guided 70% YoY growth for cloud/datacenter revenue in 2026E, and FY26-28E cloud/data center revenue mix guidance of mid-20%/high-20%/low-30% in FY26-28E.
- Why do we differ vs consensus:** We are more positive on AI server business upside and margin expansion in FY26-27E.
- Catalysts:** Near-term catalysts include AI server product launches, margin expansion and mass production of VR200 products.
- Valuation:** Our TP of HK\$7.42 is based on 21x FY26E P/E. We expect further re-rating on higher AI revenue contribution in FY26-27E.

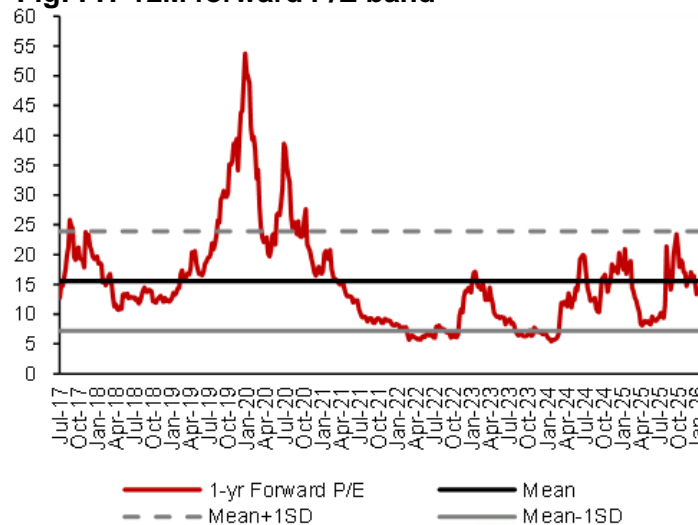
**Link to latest report:** [FIT Hon Teng \(6088 HK\) - FY25 earnings dragged by higher effective tax; Raise guidance on strong AI server outlook](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E
Revenue (USD mn)	4,451	5,003	5,754	6,688
YoY growth (%)	6.1	12.4	15.0	16.2
Net profit (USD mn)	154	156	314	432
EPS (USD cent)	2.17	2.20	4.43	6.09
YoY growth (%)	19.2	1.5	101.4	37.3
Consensus EPS (USD cent)	N/A	2.46	4.19	5.38
P/E (x)	40.0	39.4	19.6	14.3
P/B (x)	2.5	2.3	2.0	1.8
Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	6.2	5.8	10.5	12.6
Net gearing (%)		Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: FIT 12M forward P/E band



Source: Company data, CMBIGM estimates

# Innolight (300308 CH) – NPO serving as a bridge to full CPO integration

Rating: BUY | TP: RMB1,080 (Upside: N/A)

Analysts: Kevin Zhang/Aaron Guo

- Investment thesis:** Innolight's 1Q26 results represent a definitive inflection point, characterized by record-breaking revenue of RMB 19.5bn and net profit of RMB 5.7bn, substantially exceeding consensus estimates. This performance underscores a high-quality execution strategy driven by the synchronized ramp-up of 800G and 1.6T optical transceivers. The structural shift toward Silicon Photonics (SiPho), expected to represent over 50% of 1.6T shipments this year, has expanded gross margins to 46.1%, signaling a more profitable and resilient product mix. Operationally, Innolight has demonstrated superior supply chain management and successful capacity expansion in Thailand, securing its leadership within a tight supply-demand environment. Looking ahead, an order backlog extending into 2027 provides exceptional earnings visibility, while emerging technologies like Near-Packaged Optics (NPO) and XPO offer long-term catalysts for evolving AI data center architectures.
- Our view:** The Company is well-positioned to lead the optical transition, driven by strong market share in 1.6T SiPho solutions and rising 800G SiPho penetration through 2026. Notably, its leadership in next-generation 3.2T NPO sets the stage for volume production in 2027E. While the industry's long-term migration toward CPO is certain, the exact timing remains undefined; we expect NPO to serve as the immediate stepping stone, capturing early demand from a few hyperscalers.
- Catalyst:** Accelerated AI infra. capex, increasing adoption of pluggable optical modules, R&D breakthroughs in other optical opportunities like OCS, NPO, CPO, etc.
- 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 RMB1,080 is based on 28x 2027E P/E.

## Links to relevant reports:

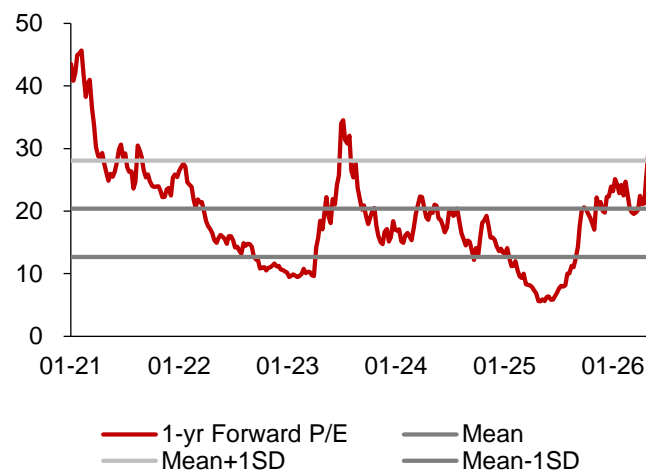
- [1. Innolight \(300308 CH\) - 1Q26 earnings: Brighter than a shooting star](#)
- [2. Innolight \(300308 CH\) - Stronger into 2026 on 1.6T ramp and SiPh mix](#)
- [3. Innolight \(300308 CH\) - Pluggables first, new architecture later](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	23,862	38,240	84,065	121,495	175,287
YoY growth (%)	122.6	60.3	119.8	44.5	44.3
Gross margin (%)	33.8	42.0	45.6	46.6	48.5
Net profit (RMB mn)	5,171.5	10,797.3	28,040.8	42,888.3	66,064.9
YoY growth (%)	137.9	108.8	159.7	52.9	54.0
EPS (Reported) (RMB)	4.72	9.80	25.24	38.60	59.46
P/E (x)	250.0	120.4	46.8	30.6	19.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Forward P/E chart



Source: Company data, CMBIGM estimates

# InnoScience (2577 HK): A major power semi player in 800VDC architecture

Rating: BUY | TP: HK\$ 75 (upside: 37%)

Analysts: Kevin Zhang/Aaron Guo

- Investment thesis:** The company is executing a profound structural pivot away from low-margin consumer electronics toward higher-value integrated products, such as advanced chips, ICs, and modules, which now dominate its product mix. By securing early, high-conviction footprints in next-generation hardware ecosystems, including 800V AI data center architectures for hyperscale leaders, main drive inverters for electric vehicles, and joint modules for humanoid robotics, InnoScience has effectively decoupled its growth runway from cyclical consumer risks. Crucially, its aggressive capacity roadmap provides the manufacturing scale needed to extract immense operating leverage and outpace fabless competitors. This combination of structural product mix premiumization, elite AI/auto customer validation, and massive IDM asset moats strongly justifies a premium multiple as it transitions into a high-margin enterprise powerhouse.
- Our view:** We view InnoScience as a structurally undervalued leader in the GaN ecosystem. By aggressively shifting its mix toward high-margin integrated ICs and modules, the company is effectively decoupling from consumer cycles. Crucial design wins in 800V AI data centers, automotive inverters, and robotics, supported by a massive 70k wfpm IDM capacity moat, create a clear path to long-term operating leverage.
- Key risks:** slower-than-expected capacity ramp-up, intensified competition, geopolitical uncertainties, etc.
- Valuation:** Our TP of HK\$75 is based on 35.0x 2030E P/E and discount back to 2026E using COE of 12%.

## Links to latest reports:

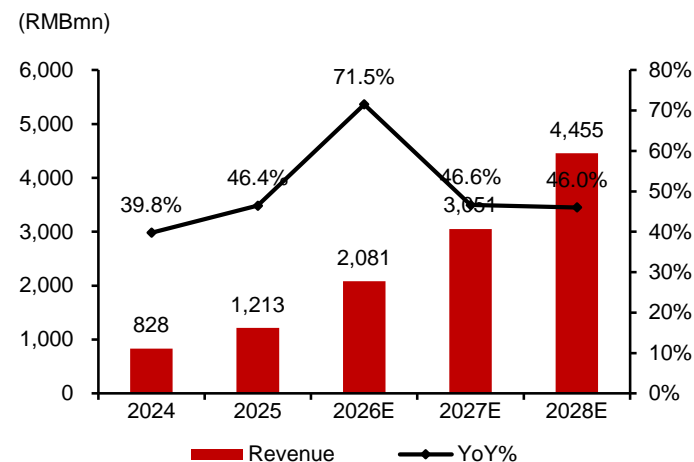
- [InnoScience \(2577 HK\) - GaN-ning momentum one step at a time](#)
- [InnoScience \(2577 HK\) - Global integrated GaN leader with significant growth potential](#)

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	828	1,213	2,081	3,051	4,455
YoY growth (%)	39.8	46.4	71.5	46.6	46.0
Gross margin (%)	(19.5)	7.3	22.5	33.4	40.5
Net profit (RMB mn)	(1,045.7)	(840.5)	(564.9)	(109.8)	589.7
EPS (Reported) (RMB cents)	N/A	N/A	N/A	(12.47)	66.93
P/E (x)	N/A	N/A	N/A	N/A	87.5

Source: Company data, Bloomberg, CMBIGM estimates

## Fig: Revenue and growth



Source: Company data, CMBIGM estimates

# Naura (002371 CH) – Solid platform leader in China WFE sector

Rating: BUY | TP: RMB540 (upside: N/A)

Analysts: Kevin Zhang/Aaron Guo

- Investment thesis:** Recent Huawei's Tau Scaling Law argues that AI compute scaling should be measured not only by transistor density, but also by time-to-compute, system latency and full-stack efficiency across chips, packaging, interconnect and architecture. This strengthens NAURA's medium-term re-rating logic by reframing China's AI silicon roadmap around system-level scaling rather than pure leading-edge lithography. As Huawei pushes LogicFolding, 3D integration and latency reduction to offset EUV constraints, the bottleneck shifts toward process complexity: advanced etch, deposition, thermal processing, cleaning, wafer bonding and TSV-related steps. NAURA is one of the broadest domestic platforms across these tool categories, so the upside is not only import substitution, but rising equipment intensity per unit of AI compute. Longer term, if China's semiconductor equipment substitution rate rises toward 50% by 2030E, NAURA should remain a core beneficiary of both localization and higher process intensity.
- 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 RMB540, based on 35x FY27E P/E

## Links to relevant reports:

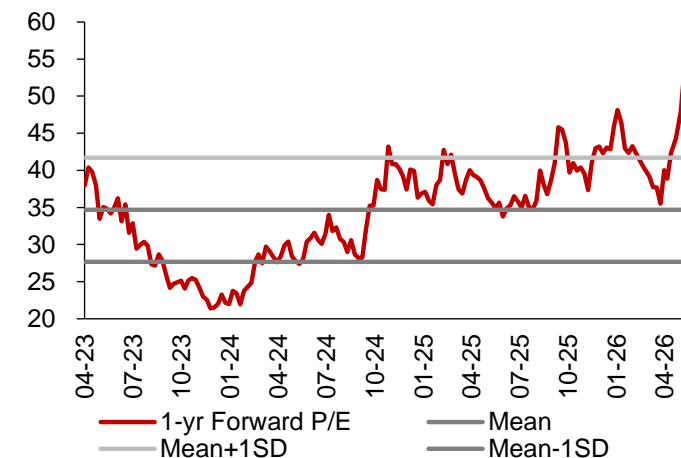
- [1.Naura Technology \(002371 CH\) - Building for the next leg of WFE growth](#)
- [2. Naura Technology \(002371 CH\) - Intact long-term growth trajectory despite seasonal fluctuations; Maintain BUY](#)
- [3.Naura Technology \(002371 CH\) - Solid FY24 earnings amid accelerated semi supply chain domestication](#)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

## Financials and Valuations

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	30,075	39,353	51,977	65,752	81,559
YoY growth (%)	36.2	30.9	32.1	26.5	24.0
Gross margin (%)	42.9	40.1	40.1	41.5	43.0
Net profit (RMB mn)	5,621.8	5,522.0	7,739.4	11,048.9	15,594.7
YoY growth (%)	44.2	(1.8)	40.2	42.8	41.1
EPS (RMB)	7.83	7.64	10.71	15.30	21.59
P/E (x)	74.8	76.6	54.7	38.3	27.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

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

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